Decoma

1999 annual report

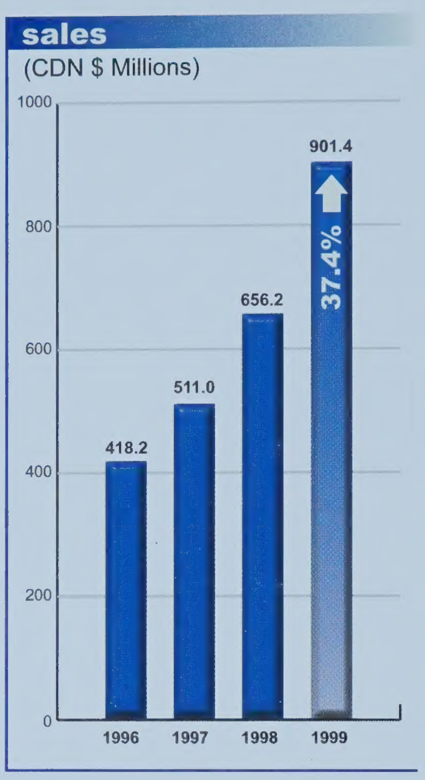
investing
in the
future

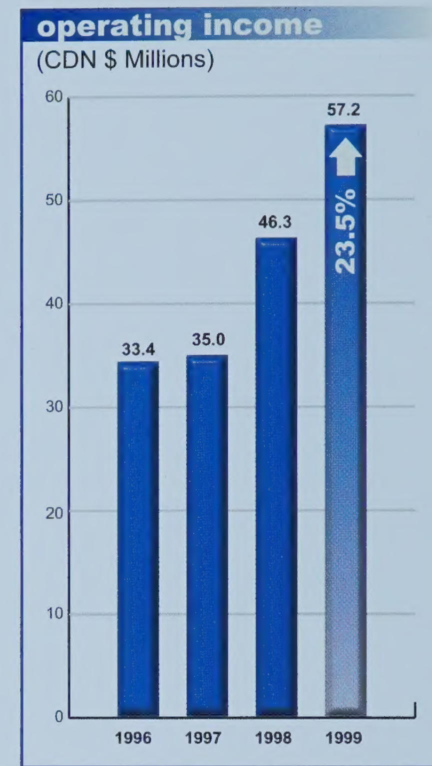
Decoma International Inc.

Decoma at a *glance*

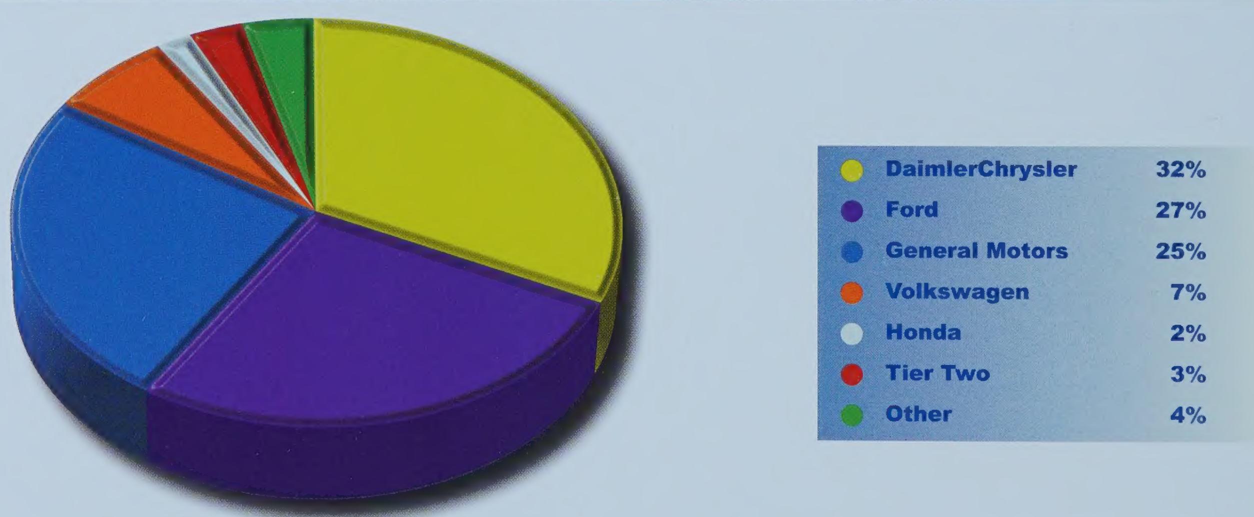
a year of records

(CDN $)	1998	1999
Earnings per Class A Subordinate Voting Share or Class B Share		
Basic	$ 0.77	$ 0.90
Fully diluted	$ 0.71	$ 0.81





1999 sales by customer



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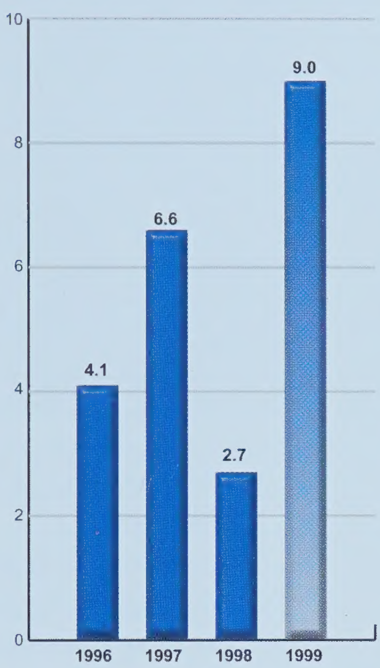
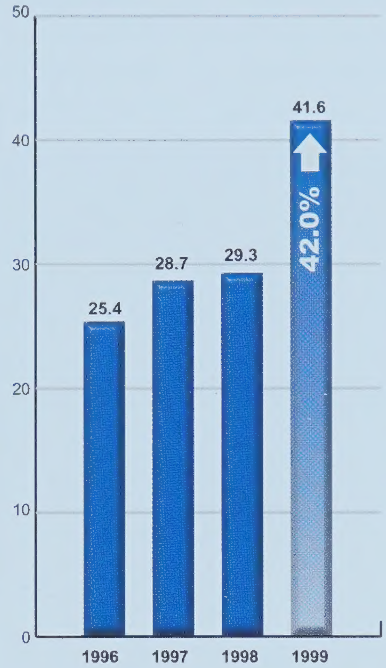
Decoma International Inc. is a full service supplier of exterior vehicle appearance systems for the world's automotive industry. Decoma designs, engineers and manufactures exterior fascias and related components, assemblies, modules and plastic body panels for cars and light trucks.

This Annual Report contains "forward looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. In this regard, readers are referred to the qualifications and risk factors set out at page 18 of this Annual Report.

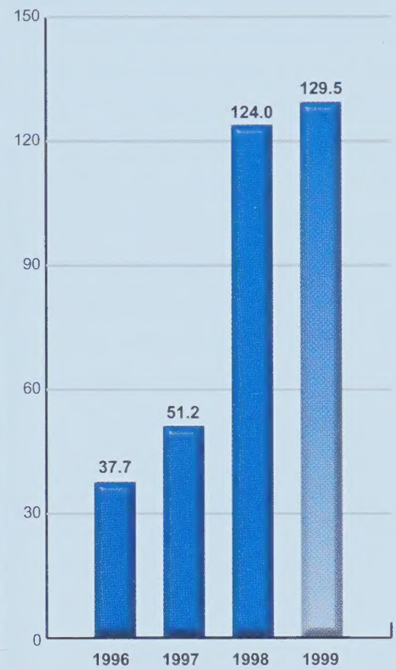
equity income
(CDN $ Millions)



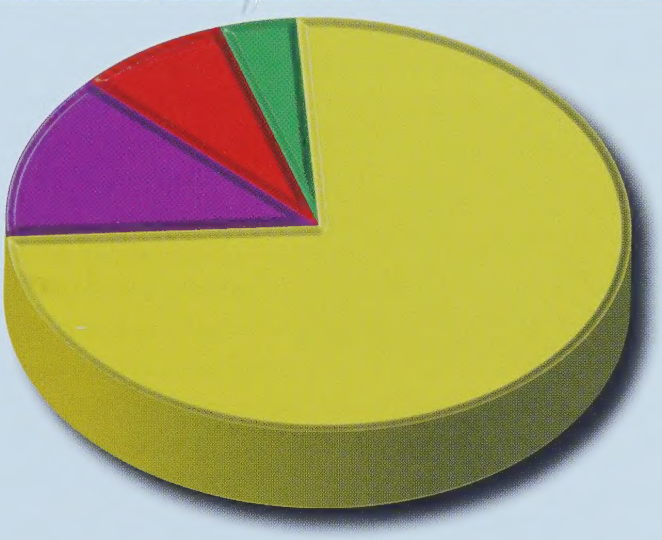
net income
(CDN $ Millions)



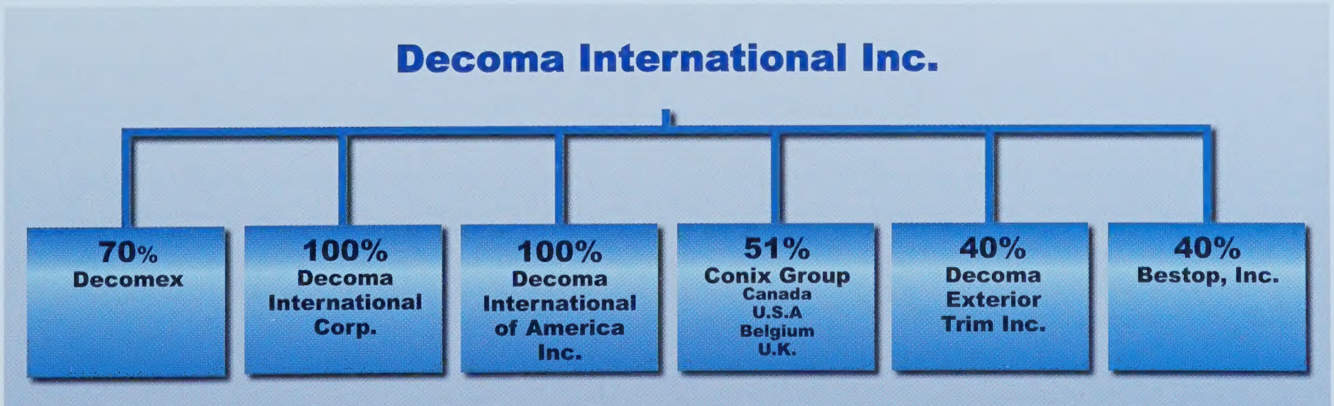
capital expenditures
(CDN $ Millions)



1999 sales by product segment



Bumper Systems	75%
Exterior Trim	13%
Body Panels	8%
Glazing	4%



president's *message*

Decoma International achieved record sales of $901.4 million and record net income of $41.6 million for fiscal 1999. The past 12 months was also a time of exceptional innovation that will establish us as a dominant global force in the coming years.

Our revenue and net income growth is noteworthy because we've increased our profit performance by more than 42 percent over the previous year. This remarkable growth is a by-product of the creativity and ingenuity of our employees.

Decoma has more than 5,300 employees around the world today, and the vast majority of them own stock in the company thanks to our deferred profit sharing plan. This makes our employees "owners" and creates a "can-do" environment, and most importantly, a spirit of innovation.

Innovation is critical to survive in an industry that is continually changing and searching for a better way. In the case of Decoma, our spirit of innovation has become one of our most important core competencies and is a significant contributor to our success.

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This spirit has resulted in technologies, products and partnerships that are dramatically changing the way plastic exterior applications for cars and trucks are conceived, designed, developed, engineered, produced and delivered.

Consider these innovative Decoma projects initiated over the past year:

• Two development contracts that could lead to unique front and rear-end module ("FEM/REM") applications. FEMs and REMs incorporate a number of individual components manufactured by Decoma and purchased from third parties into single, easy-to-install systems that save automakers time and money while providing enhanced vehicle design flexibility.

• Our selection by DaimlerChrysler as the lead supplier and program manager working on its Composite Concept Vehicle ("CCV") vision. Working within DaimlerChrysler's Extended Enterprise concept, we will contribute significantly to developing this technology.

• A cooperative effort with Dow Chemical Company to develop affordable nanocomposites for use in polymer automotive applications. This effort is expected to deliver significant weight savings for a wide range of automotive products.

• Production of two of the industry's largest plastic body panels on models of Ford and General Motors' pickup trucks.

Decoma's equity investments, Decoma Exterior Trim and Bestop, are also making significant contributions to our spirit of innovation. This included:

• An industry-first window surround module that was developed in less than 18 months for application on a DaimlerChrysler vehicle. This application, which will also be used on future DaimlerChrysler vehicles, provides DaimlerChrysler with significant cost savings through ease of assembly, weight reduction, design flexibility and noise reduction.

• An industry-first production application of mechanized running boards for a future sport utility vehicle. The running boards represent the latest generation of an Original Equipment Manufacturer ("OEM") application we pioneered in 1992.

Although this listing is impressive, it is by no means exhaustive. We're continually developing new processes and technologies that are expected to produce innovative products and lead to increased content on vehicles worldwide.

S. Randall Smallbone
Vice-President,
Finance & CFO

Growth will also come through the expanding markets for pickups and sport utility vehicles ("SUVs"). As Corporate Average Fuel Economy ("CAFE") requirements stiffen, vehicle builders are searching for lightweight solutions. As a result, composite plastics are being considered for a wide range of future products.

Decoma is well-positioned to respond to these growing OEM demands. Our commitment to innovation, effectively managing "organic" growth from within, continuous improvement processes, and expansion in our European operations are all developments our customers need and want.

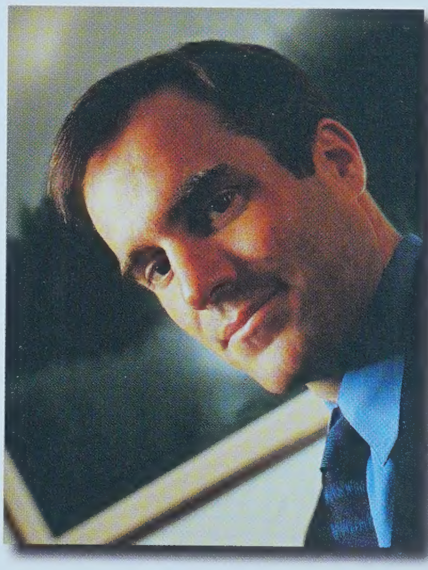
Through the implementation of best practices and the sharing of our gathered knowledge across operations, we're getting faster and more efficient in everything we do. The best example of this is the opening of our Ohio facility, a state-of-the-art mould and paint facility that was built under budget and on schedule. This facility, which opened earlier this year, is an "evolutionary" facility and a product of everything we've learned over the past 20 years. It was planned, developed and built under the supervision of a team of technical personnel from virtually every discipline of Decoma. Our customers have also recognized our efforts by transferring a number of fascia programs to us during the past year which were previously produced by our competitors.

Our strategy for the future is to focus on transferring our gathered knowledge to other areas of the world as we strive to become a major global force.

Our presence in Europe is growing today with the expansion of our Conix joint venture facility in Belgium and a new moulding and painting facility under construction in England. These facilities will give us more penetration into Continental Europe, a stronger foothold in the United Kingdom, and will enhance our ability to market and sell our products to the European market.

The Conix Belgium operation, which is in close proximity to assembly plant locations that cumulatively produce more than a million vehicles each year, is aggressively expanding its business. The new Conix facility in England will supply exterior products for a new Jaguar platform.

In Mexico, our Decomex operation just outside of Mexico City has secured new business targeted for startup in 2001. After 2001, Decomex will supply all of the North American OEMs for their Mexican-produced vehicles, which should provide significant future expansion opportunities.



Alan J. Power
President & CEO

As we enter into the next millennium, our vision is clear: become the dominant global supplier of complete exterior vehicle systems.

We're positioned to do this through our innovation... our adoption of continuous improvement practices... by continually developing new products and markets... and through the spirit of our workforce.

To our customers, employees, suppliers, board members and shareholders, we thank you for your continued support as we move forward to fulfilling our objectives.

Alan Power

Alan J. Power
President & CEO

employee stockholders bring • spirit of *innovation*

A common challenge throughout the automotive industry today is the recruitment and retention of a quality workforce. Decoma has a talented team of professionals, engineers and technicians who are important stakeholders in the company's success.

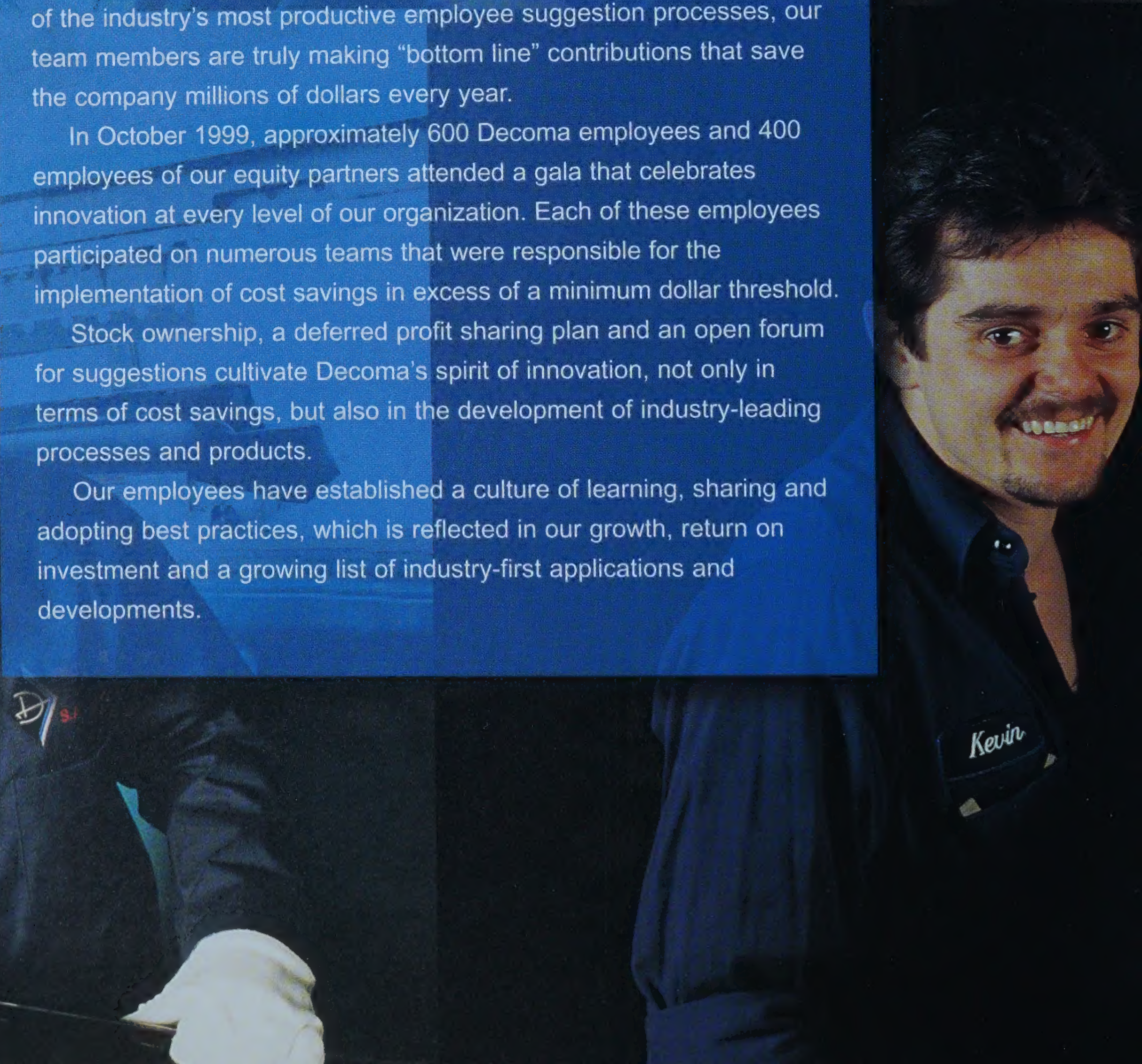
When Decoma went public in 1998, employees were offered financial assistance to purchase shares of the company. This not only makes our employees owners, but believers as well. This is reflected in low turnover, a senior management team that is entering its eighth consecutive year together, and a spirit of innovation that can be found in every one of our facilities.

Through the Decoma "Winning Teams" program, one of the industry's most productive employee suggestion processes, our team members are truly making "bottom line" contributions that save the company millions of dollars every year.

In October 1999, approximately 600 Decoma employees and 400 employees of our equity partners attended a gala that celebrates innovation at every level of our organization. Each of these employees participated on numerous teams that were responsible for the implementation of cost savings in excess of a minimum dollar threshold.

Stock ownership, a deferred profit sharing plan and an open forum for suggestions cultivate Decoma's spirit of innovation, not only in terms of cost savings, but also in the development of industry-leading processes and products.

Our employees have established a culture of learning, sharing and adopting best practices, which is reflected in our growth, return on investment and a growing list of industry-first applications and developments.



employee's *charter*

Decoma is committed to an operating philosophy which is based on fairness and concern for people. It includes these principles:

Job Security

Being competitive by making a better product for a better price is the best way to enhance job security. Decoma is committed to working together with its employees to help protect their job security. To assist its employees, Decoma will provide:

- Job Counselling
- Training
- Employee Assistance Programs

A Safe and Healthful Workplace

Decoma strives to provide its employees with a working environment which is safe and healthful.

Fair Treatment

Decoma offers equal opportunities based on an individual's qualifications and performance, free from discrimination or favouritism.

Competitive Wages and Benefits

Decoma will provide its employees with information which will enable them to compare their total compensation of total wages and total benefits with those earned by employees of their competitors, as well as with other plants in their community. If an employee's total compensation is found not to be competitive, then their wages will be adjusted.

Employee Equity and Profit Participation

Decoma believes that every employee should own a portion of the company.

Communication and Information

Through regular monthly meetings between management and employees and through publications, Decoma will provide its employees with information so that they will know what is going on in their company and within the industry.

The Hotline

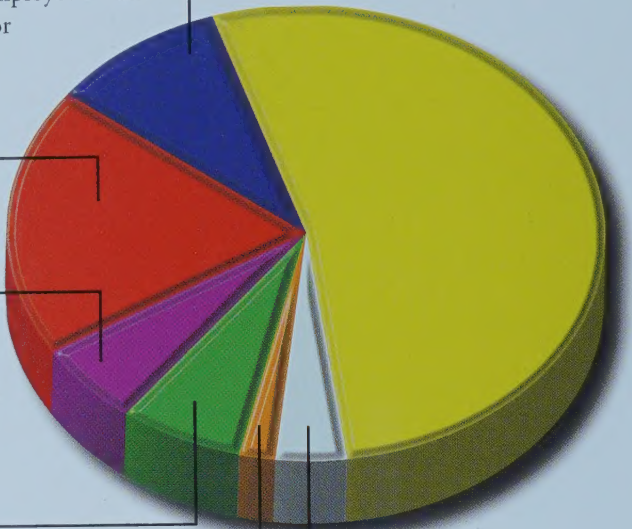
Should an employee have a problem, or feel the above principles are not being met, we encourage them to call the **Hotline** or use the self-addressed Hotline Envelopes to register their complaints. Employees do not have to give their name, but if they do, it will be held in strict confidence. Hotline Counselors, speaking several languages, will answer the employee's call. The employee's concern will then be forwarded to the Corporate Employee Relations Department. The Corporate Employee Relations Department is committed to investigate and resolve all concerns or complaints and must report the outcome to the Employee Relations Advisory Board.

Hotline Number 1-800-263-1691

Employee Relations Advisory Board

The Employee Relations Advisory Board is a group of people who have proven recognition and credibility relating to humanitarian and social issues. This Board will monitor, advise and ensure that Decoma operates within the spirit of the Decoma Employee's Charter and the principles of Decoma's Corporate Constitution.

corporate *constitution*



Employee Equity and Profit Participation

Ten percent of Decoma's profit before tax will be allocated to employees. These funds will be used for the purchase of Decoma shares in trust for employees and for cash distributions to employees, recognizing length of service.

Shareholder Profit Participation

Decoma will distribute, on average, twenty percent of its annual net profit after tax to shareholders.

Management Profit Participation

To obtain long-term contractual commitment from senior management, the Company provides a compensation arrangement which, in addition to a base salary below industry standards, allows for the distribution of up to six percent of Decoma's profit before tax.

Research and Development

Decoma will allocate a minimum of seven percent of its profit before tax for research and development to ensure the long-term viability of the Company.

Social Responsibility

The Company will allocate a maximum of two percent of its profit before tax for charitable, cultural, educational, and political purposes to support the basic fabric of society.

Minimum Profit Performance

Management has an obligation to produce a profit. If Decoma does not generate a minimum after-tax return of four percent on share capital for two consecutive years, the Class A shareholders, voting as a class, will have the right to elect additional directors.

Board of Directors

Decoma believes that outside directors provide independent counsel and discipline. A majority of the members of Decoma's Board of Directors will be outsiders.

Unrelated Investments

Class A and Class B shareholders, with each class voting separately, will have the right to approve any investment in an unrelated business in the event such investment together with all other investments in unrelated businesses exceeds twenty per cent of Decoma's equity.

Constitutional Amendments

Any change to Decoma's Corporate Constitution will require the approval of the Class A and Class B shareholders, with each class voting separately.

investing in the *future*

investing in the *future*

The pursuit and encouragement of innovation has been a primary focus of Decoma

Research & Development

Innovations in product, process and technology have been the driving force behind Decoma's impressive growth throughout our history. These innovations are the product of a highly focused team of people encouraged to exercise their creativity and fueled by an aggressive program of investment in research and development.

As a result, Decoma has been a major contributor to many of the advances revolutionizing the design, appearance, function and assembly of the exteriors of cars and trucks.

The pursuit and encouragement of innovation has been a primary focus of Decoma. More than simply a slogan, it is a formal policy in our Corporate Constitution that ensures at least a minimum annual investment of seven percent of pre-tax profit in research and development. We typically will invest in excess of the minimum amount (in fiscal 1999, Decoma spent $19.1 million compared to $8.4 million in fiscal 1998) in order to bring to fruition those developments with high potential for growth and strategic advantage.

A further indication of our commitment to research and development is the growth of our design and engineering group. It has grown from only 21 people a decade ago to over 240 professionals in engineering, research and development and test facilities in Canada, the U.S., Europe and Japan. With this geographic diversity we are capable of supporting our customers global platform developments virtually anywhere in the world.

Hands on conceptual styling using clay

Our investments in talent and technology have established Decoma as a dominant North American developer, manufacturer and integrator of leading-edge exterior systems and components and an emerging leader in the global automotive marketplace. Today, working in partnership with our customers and suppliers, we can deliver everything from concept to clay model to prototype to production.

COMPONENTS OF FRONT AND REAR-END MODULES

- Fascias
- Air Dams
- Energy Absorbers
- Lighting
- Cooling System
- Grilles
- Fascia Brackets
- Bumper Beams
- Grille Opening Panels

Front End Module prototype

1999 R&D Payoffs

Fiscal 1999 was an important benchmark for Decoma as it marked the introduction of a number of important innovations that hold tremendous promise for future growth. We continue to benefit from the enormous potential of plastics as a material of choice for automotive exterior applications.

The industry has been turning more and more to plastic for the exterior of vehicles to reduce weight and to increase design flexibility. From an inexpensive metal substitute on low-end cars in the 1980s, plastic quickly became the predominant material for fascias and is forecast to account for 80 percent of all applications by 2002 as they appear on an increasing number of pickups and SUVs.

This trend has been followed by the emergence of plastic for vehicle body panels, not only for cars, but pickup trucks and SUVs as well. One of Decoma's most significant new product introductions during 1999 was the debut of two plastic fender programs for Ford and General Motors.

The significant amount of design and engineering work undertaken by Decoma during the past year has resulted in a number of patent pending applications. This has led to the successful award of a number of development contracts including our first contracts for front and rear-end modules which could lead to significant opportunities in the years to come.

Rear End Module prototype

> The industry has been turning more and more to plastic for the exterior of vehicles to reduce weight and to increase design flexibility

These modules, which are logical extensions of our basic product lines, integrate the various front and rear-end components into a single module that offers vehicle builders ease of assembly, lower costs, higher quality and improved fit and finish.

Decoma also has a patent pending for a unique "Gap-Hider™" process for trucks and SUV applications that improves vehicle appearance, another result of the company's design and engineering developments.

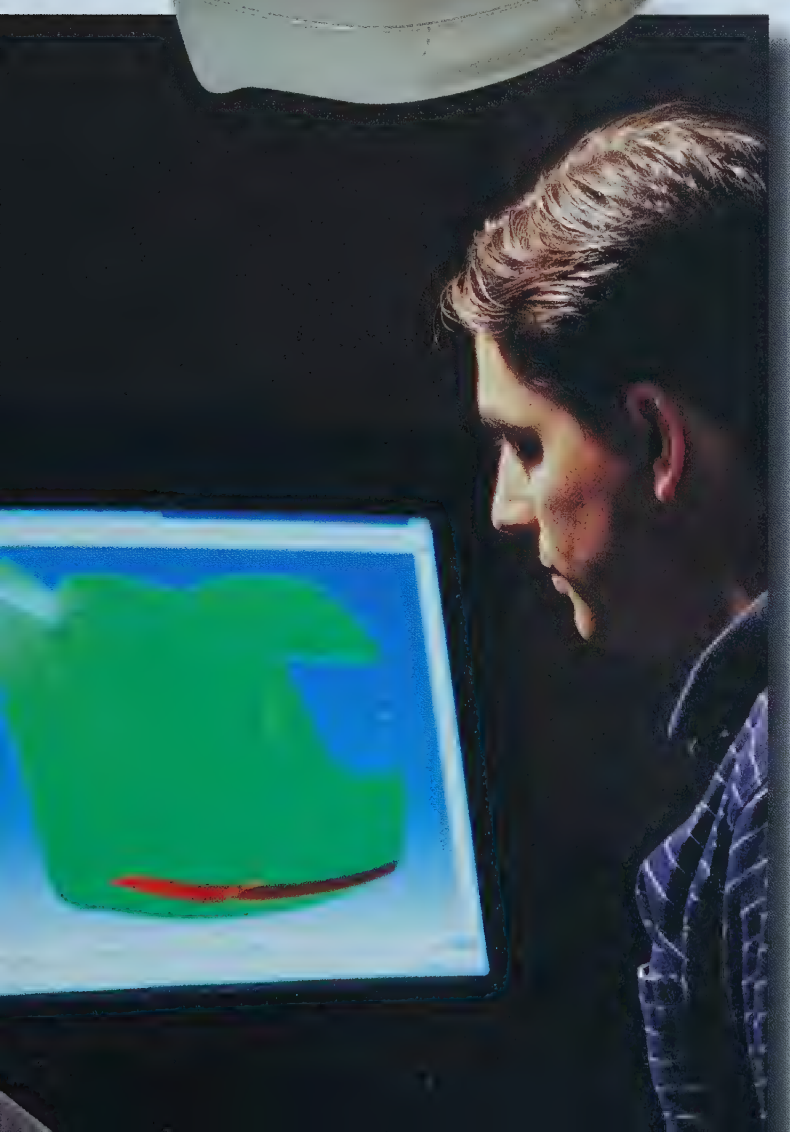
The development of light emitting diode taillights has been an R&D focus with the goal of adding to Decoma's ability to supply complete front and rear-end modules including the lighting.

Significant development activity in composites was conducted during the year, including:

• Working with a supplier partner to develop high-heat resins, a key to the successful fender development for Ford and General Motors' pickup trucks.

• Pursuing unique production processes for composites that can be applied to many Decoma product markets.

• Research and development of composite pickup boxes, hard tonneau covers and tailgates.



Computer aided design of exterior component

investing in the *future* continued

Future R&D Returns

A revolution is occurring in automotive materials as composites take on an increasing share of exterior components and systems. This revolution is being fueled in part by Decoma's developments in the design, composition, moulding and assembly of large plastic components.

The leading example of this development is DaimlerChrysler's Composite Concept Vehicle program to develop a lightweight, low-cost, easy-to-assemble car. Decoma has been selected to bring its systems expertise to this project as program manager. This development program positions us to be the industry leader in designing, developing and producing large injection-moulded structural components, panels and assemblies for vehicles of the next millennium. As well, this program is anticipated to spread throughout the industry in response to fuel economy and environmental concerns because of the weight savings and recyclability offered by composites.

Advances in material technologies are another major focus of our research and development efforts. Advances in plastic resins will lead to gains in design moulding flexibility, significantly improved surface finishes, and products that are lighter and stronger and more durable.

Our material research includes teaming with key supplier partners to develop advanced composites. As an example, we are working on affordable nanocomposites capable of tremendous weight reductions.

Decoma's involvement in plastic vehicle development has led to a joint development with Cosma International, a group within the Magna group of companies, to deliver space frame technology utilizing hydroformed structures to which plastic panels are attached.

We are also developing material and in-mould finishing and decoration techniques which will allow future vehicle designers to specify unique patterns, designs and colour combinations in fascias, body panels and other moulded exterior components.

Unique injection moulding process under development

Decoma engineers are also exploring advanced methods for collision detection and occupant and pedestrian protection, and the design of front ends to minimize injury to pedestrians in the event of an accident.

An important product introduction for Decoma Exterior Trim was the first high-volume application of Decoma's exclusive window surround module. The growth potential of this modular approach to vehicle window sealing systems is evidenced by DaimlerChrysler's intention

Advances in material technologies is another major focus of our research and development efforts

to extend its application to Chrysler, Dodge and Plymouth minivans and mid-sized sedans.

Our research into thermoplastic vulcanization ("TPV") sealing will lead to further improvements in our window surround module programs, providing improved sealing of the vehicle's greenhouse. This technology, which is basically replacing rubber compounds with plastic, is less expensive, easier to apply and provides better sealing performance. It also offers the opportunity of colourizing sealing materials to match the vehicle's exterior finish.

These innovations and many others envisioned by our engineers and designers generated Decoma's growth in the past and will fuel our growth in the future. We are committed to developing the technologies, processes and products that will provide our customers with the highest quality, most cost effective, state-of-the-art exterior systems and components possible.

> We are committed to developing the technologies, processes and products that will provide our customers with the highest quality

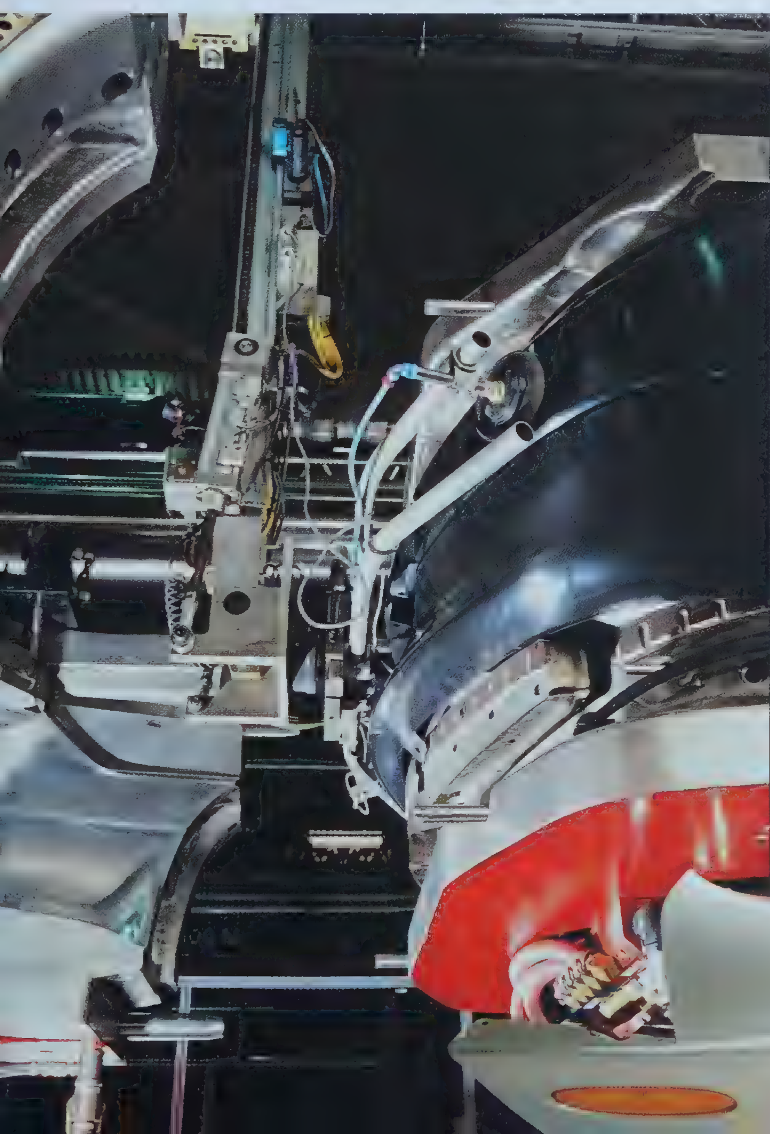
Bumper Systems & Body Panels Group

Decoma's Bumper Systems and Body Panels Group is one of the world's leading Tier 1 automotive suppliers of exterior fascias and related components, assemblies, modules and plastic body panels for cars and light trucks.

The bumper and body panels operation serves the most diverse customer base of any North American fascia supplier, and has made significant investments in Europe as it develops into one of that region's leading vehicle exterior providers.

In North America, the group operates ten manufacturing facilities located in Canada, the United States and Mexico. Major North American customers include DaimlerChrysler, Ford, General Motors, Volkswagen, Honda and Nissan. The group's newest North American facility, in Ohio, is a state-of-the-art injection moulding and painting operation which commenced commercial production in fiscal 1999.

In Europe, the group's Conix operation, a joint venture between Decoma and Ford Motor Company, is opening a new facility in Halewood, England to supply fascias and exterior components for a new Jaguar platform. In addition, Conix is doubling the size of its Belgium facility to support new business with Ford.



Automated part removal from injection moulding press

investing in the *future*

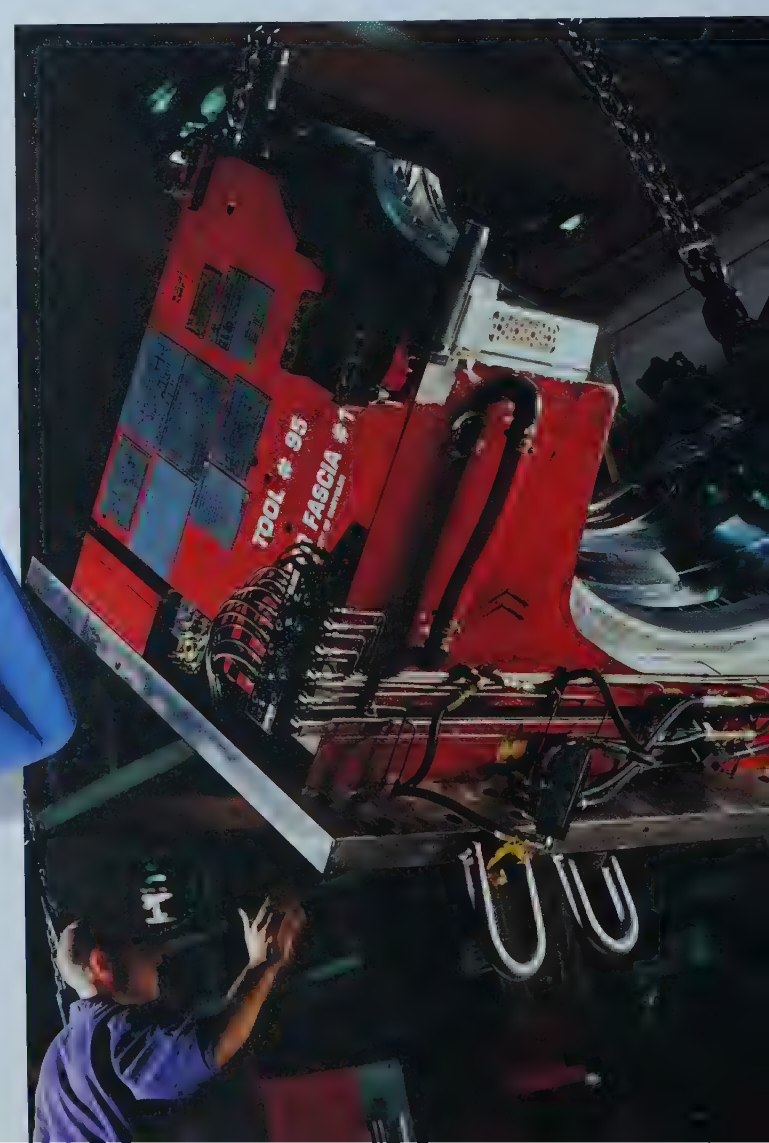
(continued)

The 1999 fiscal year brought successful fascia program launches for several high-volume vehicle applications, including the Buick LeSabre, Oldsmobile Alero, Ford Explorer, Mercury Mountaineer and Dodge Ram sport truck. In addition, the group successfully launched production and delivery of two of the industry's largest plastic exterior applications to date: truck side fenders for both Ford and General Motors.

Looking to the future, Corporate Average Fuel Economy standards combined with the high price of fuel in Europe has vehicle producers looking for lightweight applications. Significant weight savings, which can lead to improved fuel economy, can be achieved through replacing metal substrates with composite materials. Decoma has positioned itself for this expected metal-to-plastic transition through significant investments and cooperative efforts in emerging plastic technologies.

Decoma's overall capabilities allow the production of integrated systems

Manufacturing processes include reaction-injection moulding, injection moulding and co-injection moulding using a full-spectrum of composite materials, finishing capabilities for one and two-component painting, water-bourne painting, hardcoating and chrome plating, and



Dedicated in-house tooling facility for mould construction and maintenance

Robotic electrostatic paint application to plastic fascias

DEVELOPMENTAL PRODUCTS

- Front and Rear-End Modules
- Advanced Processes for Composites
- Bumper Beams
- Glazing Material Alternatives
- Structural Body Panels
- Composite Liftgates
- Nanocomposite Applications
- Hard Tonneau Covers

On-line installation of chrome grille into bumper assembly

state-of-the-art assembly and sequencing operations.

Decoma's overall capabilities, offering a wider range of processes and services than any of its competitors, allow the production of integrated systems and parts as well as a number of current applications requiring varying degrees of modular integration.

Perhaps the greatest example of system-integrated solutions from Decoma will come in the form of FEMs and REMs, which are expected to appear on vehicles in the future.

Front and rear-end modules will bring a variety of benefits to automakers and should result in North American industry-first applications as early as Model Year 2003.

equity *investments*

Decoma Exterior Trim Inc.

Decoma Exterior Trim Inc., a leading North American Tier 1 supplier of exterior ornamentation, sealing and greenhouse system products, has created a promising new business with the advent of window surround modules. DaimlerChrysler's introduction of Decoma Exterior Trim's modular approach to window trim and sealing on a future vehicle is the first step in what is expected to become an expanding market opportunity.

This projected growth of window surround modules will also have a positive impact on sealing systems, another important exterior trim product line. Growth in this market segment will be stimulated even further by new innovations in sealing technologies, most notably the development of thermoplastic sealers as a more cost-effective, better performing material than traditional rubber compounds.

The development of these advanced automotive sealing materials and colour-coordinated thermoplastic sealers should contribute to Decoma Exterior Trim becoming a dominant player in vehicle sealing systems.

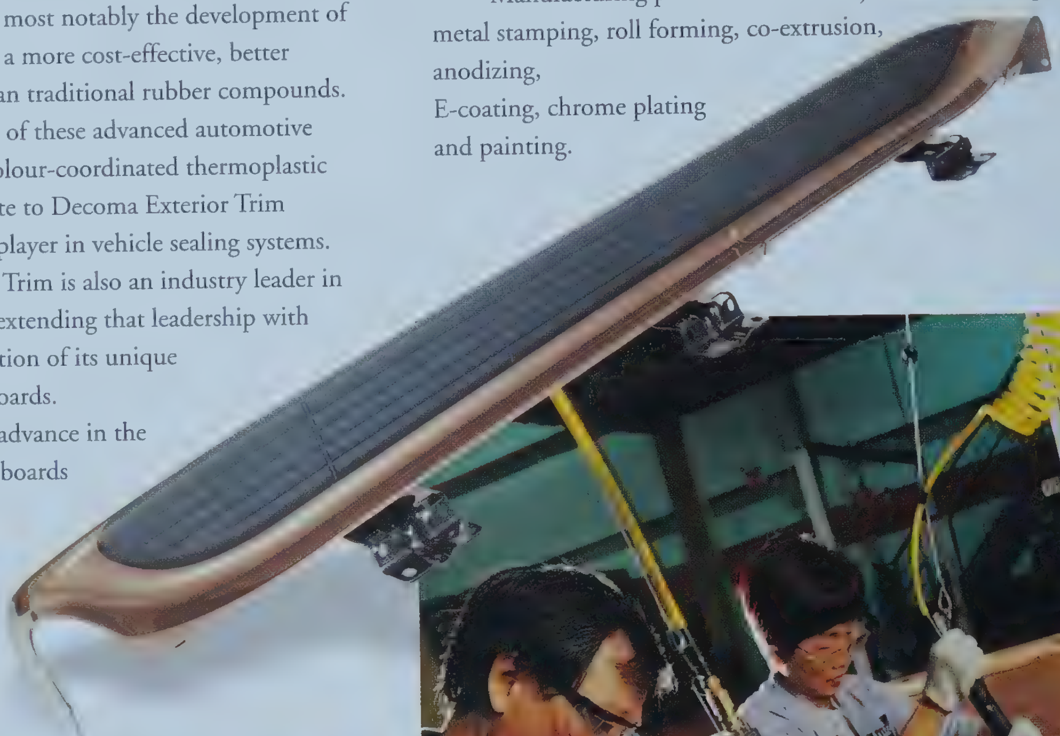
Decoma Exterior Trim is also an industry leader in running boards and is extending that leadership with the successful introduction of its unique mechanized running boards.

This is the latest advance in the acceptance of running boards on pickup trucks and SUVs as original equipment, a trend fostered by Decoma Exterior Trim's development of running board designs that enhanced the styling of these popular vehicles.

Decoma Exterior Trim also launched a new line of chrome-plated plastic trim products at one of its plants in Toronto.

Decoma Exterior Trim operates seven manufacturing divisions in southern Ontario, supplying an array of bright metal, plastic and co-extruded trim products. These products include belt mouldings, body seals, rocker panel mouldings, body side mouldings, window mouldings, air dams, wheel open mouldings and grilles, as well as sealing systems, window surround modules and running boards.

Manufacturing processes include injection moulding, metal stamping, roll forming, co-extrusion, anodizing, E-coating, chrome plating and painting.



DEVELOPMENTAL PRODUCTS

- Soft Tonneau Covers
- Automated Running Boards
- One-Piece Window Surround Modules
- TPV Seal Material
- Chrome-Plated Plastic Trim

Final assembly of running boards in a dedicated work cell

Bestop, Inc.

Bestop, Inc. is the leading North American Tier 1 supplier of fabric tops, related framing systems and accessories, primarily for SUVs in both OEM and aftermarket applications. Customers include DaimlerChrysler, CAMI, Suzuki, Isuzu, Toyota, and Ford.

Bestop is also a leading supplier to the aftermarket of seat covers, replacement seating systems, custom tire covers and consoles for SUVs.

Manufacturing processes used by Bestop include fabric cutting and sewing, clear PVC cutting, metal fabricating and welding. Production is carried out at three manufacturing facilities: two in Colorado and one in Georgia.

When Bestop began manufacturing soft tonneau covers for pickup truck boxes in 1998, it opened an important new market opportunity for trim products. Bestop has already established itself as a value and quality leader in these products.

Attachment of PVC window to a fabric soft top

Bestop's goal is to move soft tonneau covers from a dealer and aftermarket option to an essential original equipment performance and styling component. When this happens, Bestop, with its established manufacturing and marketing expertise in exterior trim systems, expects to become the leading North American Tier 1 supplier of soft tonneau covers.


1999 top 10 vehicles
GM Bonneville/ LeSabre
GM Firebird/Camaro
Ford Crown Victoria/Grand Marquis
Dodge RAM Pickup
Chrysler LH
GM Sierra/CK pickup
Ford Windstar
Ford Escort
Chrysler NS Minivan
Ford Explorer

financial *report*

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management's discussion and analysis of operations and financial position

Management's Discussion and Analysis of Operations and Financial Position should be read in conjunction with the accompanying consolidated financial statements.

The following is a comparison of Decoma's results of operations and financial position for the fiscal years 1999 and 1998. The amounts described below are based on the Company's consolidated financial statements which are prepared in accordance with Canadian GAAP. Net income under United States GAAP is detailed in note 20 within the consolidated financial statements. The discussion below reflects the Company's respective interests in the Conix joint venture companies on a proportionately consolidated basis and its respective interests in Bestop, Inc. and Decoma Exterior Trim Inc. on an equity accounted basis. The financial results of all other subsidiaries and divisions are combined with those of the Company. Decoma's operations are substantially all related to the automotive industry. Decoma designs, engineers and manufactures fascia systems and related components, assemblies and modules, body panels and exterior systems for cars and light trucks principally for North American and New Domestic Original Equipment Manufacturers.

Forward Looking Statements

The contents of this Annual Report, including, without limitation, the following discussion, contains statements which, to the extent that they are not recitations of historical fact, constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. The words "estimate", "anticipate", "believe", "expect", and similar expressions are intended to identify forward-looking statements. Such forward-looking information involves important risks and uncertainties that could materially alter results in the future from those expressed in any forward-looking statements made by, or on behalf of, Decoma. These risks and uncertainties include, but are not limited to, industry cyclicality, trade and labour disruptions, pricing concessions and cost absorption, dependence on certain vehicles and major OEM customers, currency exposure, technological developments by Decoma's competitors, government and regulatory policies and changes in the competitive environment in which Decoma operates. Persons reading this Annual Report, including, without limitation, the Management's Discussion and Analysis of Operations and Financial Position, are cautioned that such statements are only predictions and that actual events or results may differ materially. In evaluating such forward-looking statements readers should specifically consider the various factors which could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Overview

During fiscal 1999 Decoma continued to implement its strategy to enhance its position as the largest North American Tier 1 supplier of automotive fascia systems, related components and plastic body panels. Decoma has continued to refine this strategy to include development of front and rear-end modules and the addition and expansion of European facilities to meet its customers' global needs.

Decoma's North American position was significantly enhanced through its Ohio facility, which commenced commercial production in April 1999. This 350,000 square foot fascia moulding, painting, assembly and sequencing facility will initially supply fascias to General Motors and is within a three hour delivery window to all of our customers' assembly plants in Michigan and Ohio. This facility expands Decoma's existing capability to support the launch of redesigned mid size and luxury vehicles by General Motors.

Decoma continued its growth in Europe through the Conix joint venture with Ford Motor Company. During the year Conix U.K. Limited was established. This new Joint Venture was awarded the new Jaguar X400 program. The Jaguar X400 is a small Jaguar that will compete with the BMW 3 series and the Mercedes Benz C Class. This new joint venture facility, comprising of a 160,000 square foot building, will create new

moulding and paint capability in Halewood, England. The facility will initially start production during fiscal 2000 with a service order fascia contract for the Ford Escort program. This initial program will allow the plant to be fine tuned and the employees trained prior to the commencement of the X400 program. The X400 program includes the fascia assembly and sequencing of both fascias and rocker panel covers. In addition, the facility will be producing parts for other Jaguar programs. This facility is expected to achieve full commercial production during fiscal 2002.

The Conix Belgium facility commenced a major expansion during fiscal 1999 bringing the total plant size to 120,000 square feet. Conix Belgium was awarded the moulding of the fascias for supply to the Genk Belgium assembly plant of Ford Motor Company. The location of this facility is key for Decoma's European expansion plans. There are over one million vehicles manufactured within a 100 km radius of Conix Belgium. These include, in addition to the Ford Genk plant, GM Opel in Antwerp, VW Brussels and Nedcar in the Netherlands.

During the first quarter of fiscal 1998 Decoma acquired, through Decomex, the operations and assets of Ayareb, the largest independent supplier of automotive fascias, grilles and related automotive parts in Mexico. Decomex is a 70% owned subsidiary of Decoma, the 30% balance of ownership is held indirectly by the prior owner of Ayareb. This strategic acquisition expands Decoma's growth opportunities and establishes a strong business relationship with OEM customers operating in Mexico.

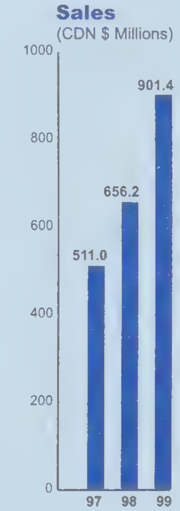
On July 30, 1999, Decoma transferred 100% of its interest in its Brazilian subsidiary, DM Juiz de Fora Ltda., to Magna International Inc. ("Magna"). DM Juiz de Fora Ltda. was established by Decoma as a start-up operation in fiscal 1998 to supply plastic fascias and body panels for the Mercedes Benz A Class vehicle manufactured in Juiz de Fora, Brazil. For a number of strategic and financial reasons, it was determined that Mercedes Benz would be best served if this operation was managed by Magna's European Exterior Systems Group, an operating group within Magna. The transaction was carried out by means of a share transfer and by the purchase by Magna of the operation's existing indebtedness to Decoma. Under the terms of the agreement, Decoma was reimbursed by Magna for various costs incurred on the start-up of the operation. The net proceeds received by Decoma from Magna on this transaction were approximately $9.4 million, approximately $0.3 million of which was received on July 30, 1999, with the balance payable in fiscal year 2000. Start-up costs in the approximate amount of $2.7 million were not reimbursed by Magna to Decoma on the transfer and have been noted on a separate line item of Decoma's Consolidated Statement of Income for fiscal 1999. The transaction was reviewed and approved by the independent members of Decoma's Board of Directors.

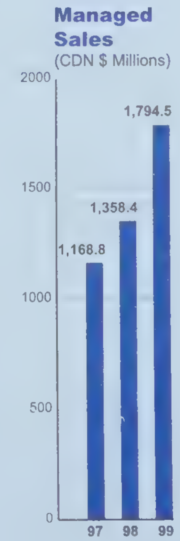
Decoma continued to invest and expand the capabilities of its existing and recently acquired facilities with the latest state-of-the-art paint finishing equipment. These investments not only increase critical manufacturing capacity but also strengthen Decoma's competitive advantages in the areas of product cost and quality while also limiting the impact these facilities have on the environment.

FISCAL 1999 COMPARED TO 1998

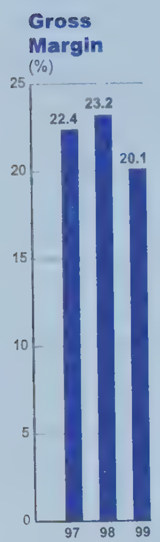
Sales

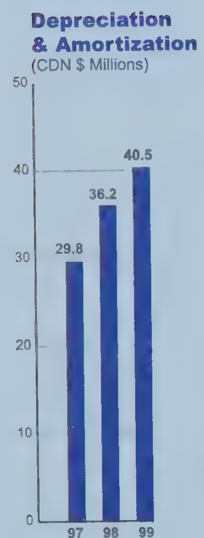
The Company's consolidated sales increased by 37.4% to $901.4 million in fiscal 1999 compared to $656.2 million in fiscal 1998. Production sales increased by 32.9% to $796.9 million for fiscal 1999 from $599.7 million in fiscal 1998. Fiscal 1999 was a strong year for North American and Mexican vehicle production. The total production build for passenger cars and light trucks for fiscal 1999 was 17.1 million vehicles or an increase of 9.3% compared to fiscal 1998. The majority of the production increase was primarily in the area of light trucks and Sport Utility Vehicles. Decoma's North American and Mexican content per vehicle was $46.50 for fiscal 1999.

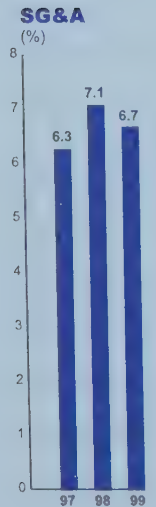




management's discussion and analysis of operations and financial position







This is an increase of 21.5% compared to fiscal 1998 of $38.26. The increase in sales reflects the commencement of production at Decoma's new Ohio facility, increase in high content assemblies, the launch of several takeover programs from competitors and continuing strong sales of Chrysler and Ford mini vans.

Tooling sales included in total consolidated sales increased 85.0% in fiscal 1999 to $104.5 million. This increase in tooling sales is a result of program awards resulting from the customers' confidence in Decoma's design and engineering expertise and launch execution.

Managed sales including 100% of jointly controlled entities and equity accounted investments totaled $1,794.5 million in fiscal 1999 or a 32.1% increase compared to $1,358.4 million during fiscal 1998.

Gross Margin

Gross margin as a percentage of total sales for fiscal 1999 was 20.1% compared to 23.2% for fiscal 1998. Gross margin was compressed during fiscal 1999 as a result of the increase in low margin tooling sales, the increased volume of purchased components as Decoma's growth in modules continues, launch costs for various new and takeover programs, continued customer pricing pressures, and increased design and engineering costs. Design and engineering costs in fiscal 1999 totaled $14.3 million compared to $6.6 million in fiscal 1998. The design and engineering costs are for new programs in the fiscal years 2000 and 2001. Decoma's policy is to expense these costs as incurred, not to capitalize them. These cost pressures were somewhat offset by increased capacity utilization and operating improvements.

Depreciation and Amortization

Depreciation and amortization costs increased from $36.2 million in fiscal 1998 to $40.5 million in fiscal 1999. This represents 4.5% of sales in fiscal 1999 compared to 5.5% in fiscal 1998. This increase in cost reflects Decoma's continuing investment in capital equipment to support new production programs and increased depreciation as a result of the Ohio facility, commencing commercial production in April 1999.

Selling, General and Administrative ("S,G&A")

S,G&A increased from $47.0 million in fiscal 1998 to $60.2 million in fiscal 1999. As a percentage of sales however, S,G&A decreased from 7.1% in fiscal 1998 to 6.7% in fiscal 1999. The reduction as a percentage of sales was achieved notwithstanding the addition of the new Ohio and Halewood facilities, the impact of foreign exchange and the increased cost of program management to support Decoma's continued increase in sales.

Interest Expense

Interest expense (including inter-company and external interest) for fiscal 1999 was $0.4 million compared to $7.2 million for fiscal 1998. This decrease resulted primarily from increased interest income from the proceeds of the initial public offering ("IPO") which closed in March 1998, capitalization of interest relating to new construction and high level of cash reserves resulting from strong cash flow.

Amortization of Discount on Convertible Series Preferred Shares

As a result of the Company's reorganization during fiscal 1998, Convertible Series Preferred Shares with a face value of $150.0 million were issued to Magna. Decoma's amortization of the discount on the portion of the Convertible Series Preferred Shares classified as debt was $5.6 million in fiscal 1999 compared to $3.6 million in fiscal 1998. (See note 10 to the Consolidated Financial Statements).

Affiliation Fees and Other Charges

Decoma pays fees to Magna for certain rights and services provided under the terms of an affiliation agreement with Magna. These fees for fiscal 1999 were based on Decoma's sales and pre-tax profits and also included charges for specific services rendered. The fees and charges paid to Magna in fiscal 1999 increased to $14.8 million compared to $11.8 million in fiscal 1998 primarily as a result of higher sales and pre-tax profits (See note 18 to the Consolidated Financial Statements).

management's discussion and analysis of operations and financial position

Non-Recurring Start Up Costs

Non-recurring start-up costs represent Decoma's initial costs relating to its entry into the Brazilian market which were not recovered from Magna when the Brazilian operations were sold (See note 18 to the Consolidated Financial Statements).

Operating Income

Income before equity income and income taxes increased by 23.5% to $57.2 million in fiscal 1999 from $46.3 million in fiscal 1998. The increase in operating income reflects the higher contribution due to sales growth and lower interest costs offset by increased S,G&A costs, depreciation, preferred share amortization, fee expenses and the non-recurring start-up costs relating to Decoma's Brazilian operations.

Equity Income

Income from equity accounted investments for fiscal 1999 was $9.0 million compared to $2.7 million in fiscal 1998. The increase in equity income is a result of Decoma Exterior Trim Inc.'s improved operating efficiencies, strong program volumes and the launch of a significant amount of new programs. In addition Bestop, Inc. had a significant recovery from the results obtained in fiscal 1998. The recovery was a result of major cost reduction programs, the launch of the Georgia facility and strong core program volumes.

EBITDA

EBITDA increased 17.4% to $112.7 million for fiscal 1999 compared to $96.0 million in fiscal 1998. This increase was a result of improved operating and equity income.

Income Taxes

Decoma's effective income tax rate for fiscal 1999 was 38.4% compared to 37.6% for fiscal 1998. This change was due primarily to foreign income subject to higher tax rates, and dividend taxes payable on foreign based dividends paid from Conix.

Net Income

Net income for fiscal 1999 was $41.6 million compared to $29.3 million for fiscal 1998. This increase reflects the higher operating income, increases in equity income and offset by the increase in Decoma's effective tax rate. The deduction from net income of dividends declared and paid on the Convertible Series Preferred Shares (net of return of capital) of $2.8 million in fiscal 1999 compared to $1.1 million in fiscal 1998 is reflected in net income attributed to Class A Subordinate Voting Shares and Class B Shares.

Earnings Per Share

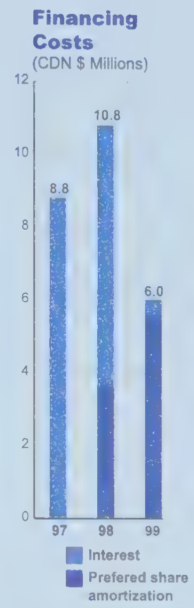
On a fully diluted basis earnings per Class A Subordinated Voting Share or Class B Share were $0.81 in fiscal 1999 compared to $0.71 in fiscal 1998. This increase was achieved notwithstanding the 27% increase in the weighted average number of shares outstanding on a fully diluted basis to 59.2 million compared to 46.6 million for fiscal 1998 and the $0.05 impact of the non-recurring start-up costs relating to Brazil.

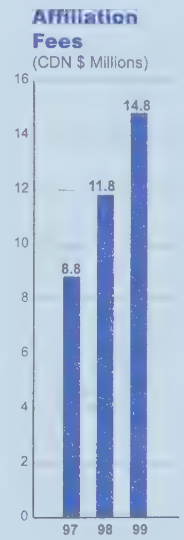
Basic earnings per Class A Subordinated Voting Share or Class B Share were $0.90 in fiscal 1999 compared to $0.77 in fiscal 1998.

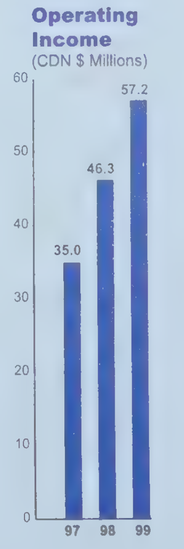
FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flow From Operations

During 1999 Decoma's cash flow from operating activities before changes in non-cash working capital increased by $9.7 million to $83.3 million as compared to $73.6 million in fiscal 1998. This increase is a result of the increase in net income offset by a decrease in items not involving current cash flows. Cash generated from non-cash working capital during fiscal 1999 increased by $15.9 million over 1998 primarily as a result of timing issues relating to accrued salaries and wages and income taxes payable offset by increases in accounts receivable. Overall cash flow from operations for fiscal 1999 was $93.7 million, an increase of $25.5 million from fiscal 1998. Cash

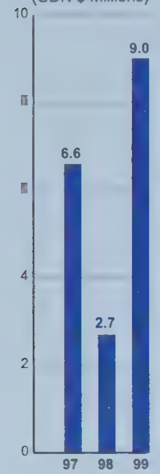




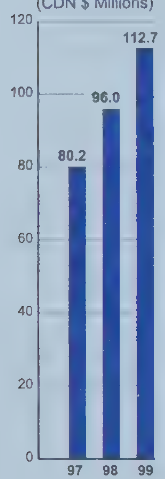


management's discussion and analysis of operations and financial position

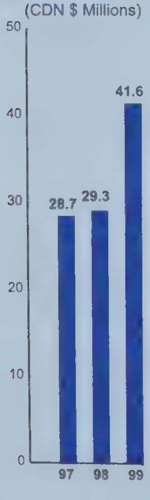
Equity Income
(CDN $ Millions)



EBITDA
(CDN $ Millions)



Net Income
(CDN $ Millions)



balances net of bank indebtedness at July 31, 1999 were at $38.3 million compared to $66.4 million at July 31, 1998.

Foreign Currency Activities

Decoma negotiates sales contracts with North American OEMs in both Canadian and U.S. dollars. Material and equipment are purchased in various currencies depending upon competitive factors including relative currency rates. Decoma's current Canadian sales of approximately $513.6 million or 57.0% of consolidated sales utilize primarily Canadian labour and materials which are paid for in both Canadian and U.S. dollars. Decoma's Canadian production sales are invoiced and paid for substantially in Canadian dollars. Decoma's Mexican operations have sales contracts based on U.S. dollars and are converted to the Mexican peso at the spot rate in effect at the time of payment. Labour, utilities and the majority of S,G&A costs are paid for principally in Mexican pesos and imported materials and equipment are paid for primarily in U.S. dollars.

Investment Activities

Capital and investment spending totaled $129.9 million (net of proceeds from dispositions) in 1999 compared to $157.9 million in fiscal 1998. Additions to fixed assets increased by $5.5 million to $129.5 million in fiscal 1999 compared to $124.0 million in fiscal 1998. Other investment spending in fiscal 1998 included the $27.7 million paid to acquire Decoma's Mexican joint venture Decomex. Capital spending on fixed assets in fiscal 1999 which was largely in support of new production contracts, acquisition of manufacturing facilities, credit facilities under negotiation and deposits on equipment for Decoma's former Brazilian operating facility were funded primarily from cash on hand, cash generated from operations and proceeds from the IPO. Capital spending in fiscal 2000 is expected to be $110.0 million primarily to support newly awarded production contracts, required maintenance improvement, the completion of the Conix U.K. fascia facility and other process related expenditures. Management believes that cash balances on hand, existing unutilized credit facilities, credit facilities under negotiation and internally generated funds from operations will be sufficient to meet all planned capital requirements.

Financing Activities

During fiscal 1999 Decoma generated cash through increases in bank indebtedness of $27.6 million and increases in long-term debt of $39.8 million. Decoma also made payments to Magna of $27.8 million as a partial repayment of the debt due to Magna and also made repayments of long-term debt of $15.0 million.

Dividends

Decoma's Corporate Constitution requires the payment of dividends of at least 10% of after-tax profits (after providing for any preferred share dividends) for the year ended July 31, 1999. The Company has declared dividends on its Class A Subordinated Voting and Class B shares in the amount of $7.8 million ($0.18 per share) in fiscal 1999 compared to $2.6 million ($0.06 per share) in fiscal 1998. Dividends paid were financed out of cash flow from operations.

Impact of the Year 2000

Certain computer programs and microprocessors use two digits rather that four to define the applicable year. Any computer programs that have date-sensitive software and microprocessors may recognize a date using "00" as the year 1900 rather that the year 2000. This phenomenon, (the "Year 2000 Issue"), could cause a disruption of Decoma's operations, including, among other things, a temporary inability to use manufacturing equipment, send and receive invoices or engage in similar normal business activities.

Decoma has committed significant internal and external resources at both the corporate and divisional levels in order to address the Year 2000 Issue. The scope of the effort at Decoma involves an extensive review of its operational and business systems and includes the assessment of the Year 2000 readiness of its customers, suppliers and business partners. The Company developed a process to address the Year 2000 Issue in accordance with automotive industry

recommended practices and through its participation with the Automotive Industry Action Group ("AIAG"), is following methods that are consistent with industry standards.

The Company has a Year 2000 Project Manager to oversee and direct efforts to identify and resolve Year 2000 Issues. Each of the divisions within Decoma has a cross-functional team to address issues within their respective facilities which reports progress monthly to the Year 2000 Project Manager. The Company has also made Year 2000 readiness a part of its regular operational reviews and management is updated regularly. Management reports Year 2000 program status quarterly to the Board of Directors.

Remediation and validation testing phases for manufacturing systems and business systems were substantially completed as at March 31, 1999 and July 31, 1999, respectively.

The Company has substantially completed its third party assessments. Contingency plans addressing internal systems and third party requirements were substantially completed as at August 31, 1999.

As part of the remediation process the Company has been required to modify or replace certain portions of its manufacturing and information systems software and/or hardware in order to accurately process dates. The total cost to Decoma, of the Year 2000 program, is estimated at $2.4 million, of which $1.7 million has been incurred as at July 31, 1999. These costs are not anticipated to have a material adverse effect on the financial condition of Decoma. Costs incurred to modify existing equipment and/or software for Year 2000 compliance will be expensed whereas costs incurred to acquire new equipment or software for remediation purposes will be capitalized by the Company.

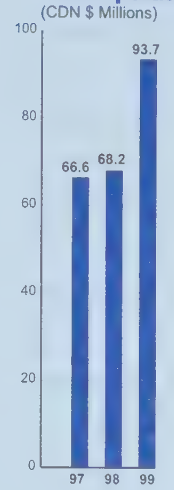
The Company believes that it has made and is making every reasonable effort to address the Year 2000 Issue and to mitigate its potential impact on its business. Based on its current assessment, the Company believes that the Year 2000 Issue will not have a material adverse impact on Decoma's results of operations and financial condition. However, due to the inherent complexities involved with this issue and the interdependent nature of the Company's business relationships, there can be no assurance that Decoma can achieve total Year 2000 compliance and thus guarantee the success of its efforts.

2000 Outlook

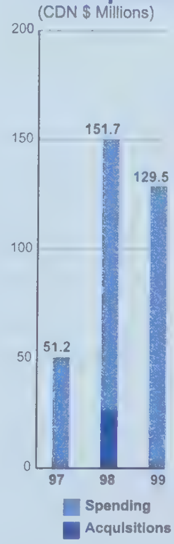
Decoma's results are directly affected by levels of North American and Mexican car and light truck production and Decoma's average content per vehicle. Although there can be no certainty as to future levels of production, management expects North American and Mexican car and light truck production to be forecasted for fiscal 2000 to be approximately 15.9 million units. Vehicle production levels may be affected by many factors such as the general economy, trade agreements, interest rates, fuel prices and labour agreements.

Management believes Decoma's strategic initiatives and market share strength will result in continued strong growth in production content per vehicle. However, operating income for fiscal 2000 could be impacted as a result of start-up delays incurred by OEM customers in the launch of their new vehicles where Decoma has a high content per vehicle resulting in lower than expected volumes and therefore unrealized production economies for Decoma.

Cash Flow from Operations
(CDN $ Millions)



Fixed Assets and Aquisitions
(CDN $ Millions)



management's responsibility *for financial reporting*

Decoma's management is responsible for the preparation and presentation of the consolidated financial statements and all other information in this Annual Report. The consolidated financial statements were prepared by management in accordance with generally accepted accounting principles and, where appropriate, reflect estimates based upon the judgement of management. Where alternative accounting methods exist, management has selected those that it considered to be the most appropriate in the circumstances. Financial information presented elsewhere in this Annual Report has been prepared by management on a basis consistent with the consolidated financial statements. The consolidated financial statements have been reviewed by the Audit Committee and approved by the Board of Directors of Decoma.

Management is responsible for the development and maintenance of systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is accurate, relevant and reliable, and that Decoma's assets are appropriately accounted for and adequately safeguarded.

Decoma's Audit Committee is appointed by the Board of Directors and is comprised of outside directors. The Committee meets periodically with management, as well as with the independent auditors, to satisfy itself that each is properly discharging its responsibilities, to review the consolidated financial statements and the independent Auditors' Report and to discuss significant financial reporting issues and auditing matters. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the shareholders.

The consolidated financial statements have been audited by Ernst & Young LLP, the independent auditors, in accordance with generally accepted auditing standards on behalf of the shareholders of Decoma. The Auditors' Report outlines the nature of their examination and their opinion on Decoma's consolidated financial statements. The independent auditors have full and unrestricted access to the Audit Committee.

Decoma International Inc.
September 10, 1999

auditors' *report*

To the Shareholders of
Decoma International Inc.

We have audited the consolidated balance sheets of Decoma International Inc. as at July 31, 1999 and 1998 and the consolidated statements of income, retained earnings and Magna's net investment and cash flows for each of the years in the three year period ended July 31,1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 1999 and 1998 and the results of its operations and its cash flows for each of the years in the three year period ended July 31, 1999 in accordance with accounting principles generally accepted in Canada.

Ernst & Young LLP

Toronto, Canada
September 10, 1999

Ernst & Young LLP
Chartered Accountants

significant accounting *policies*

Basis of Presentation

The consolidated financial statements have been prepared in Canadian dollars following accounting policies generally accepted in Canada. These policies are also in conformity, in all material respects, with accounting policies generally accepted in the United States except as described in note 20 to the consolidated financial statements.

Principles of Consolidation

The consolidated balance sheets as at July 31, 1999 and 1998 give effect to the corporate reorganization which occurred December 7, 1997 whereby Decoma International Inc. (the "Company") acquired from its parent company, Magna International Inc. ("Magna") certain operating divisions, subsidiaries, jointly controlled entities and investments directly or indirectly under the control of Magna. In exchange for the above net assets, the Company issued 31,909,091 Class B Shares and 1,500,000 Convertible Series Preferred Shares. As these transactions were among companies under common control, they have been accounted for at book values which recognizes the continuity of ownership interest which continues to exist. Accordingly, the comparative information presented reflects the combination of these entities, as if they had operated as a stand-alone entity subject to Magna's control. Certain of the costs and expenses presented in these consolidated financial statements for periods prior to the date of reorganization, represent intercompany allocations and management estimates of the cost of services provided by Magna and its subsidiaries. Management believes the method of allocation and amounts are reasonable.

The Company's other subsidiaries are included in these consolidated financial statements using the purchase method of accounting. The Company accounts for its interests in jointly controlled entities using the proportionate consolidation method. All significant intercompany balances and transactions have been eliminated.

Management's Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable and prudent; however, actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on account, demand deposits and short-term investments with original maturities of less than three months and excludes outstanding cheques, which are classified as accounts payable. Cost approximates fair value.

Inventories

Inventories are valued at the lower of cost and net realizable value, with cost being determined substantially on a first-in, first-out basis. Cost includes the cost of materials plus direct labour applied to the product and the applicable share of manufacturing overhead.

Investments

The Company accounts for its investments in which it has significant influence on the equity basis. The difference between the cost of the shares of the associated companies and the underlying net book value of the assets is amortized over the lives of the assets to which the difference is attributed. The amount allocated to goodwill is amortized over a period of 20 years. The Company reviews the valuation and amortization periods of goodwill whenever events or changes in circumstances warrant such a review. In doing so, the Company evaluates whether there has been a permanent impairment in the value of the unamortized goodwill based on the estimated undiscounted cash flows of each business to which the goodwill relates.

Fixed Assets

Fixed assets are recorded at historical cost including interest capitalized on construction in progress and land under development less related investment tax credits.

Depreciation is provided on a straight-line basis over the estimated useful lives of fixed assets at annual rates of 2½% to 5% for buildings, 7% to 10% for general purpose equipment and 10% to 30% for special purpose equipment.

Costs incurred in establishing new facilities which require substantial time to reach commercial production capability are capitalized as deferred preproduction costs. Amortization is provided over periods up to five years from the date commercial production is achieved.

Revenue Recognition

Revenue from the sale of manufactured products is recognized upon shipment to customers.

Government Financing

The Company makes periodic applications for financial assistance under available government assistance programs in the various jurisdictions in which the Company operates. Grants relating to capital expenditures are reflected as a reduction of the cost of the related assets. Grants and tax credits relating to current operating expenditures are recorded as a reduction of expense at the time the eligible expenses are incurred.

Research and Development

The Company carries on various applied research and development programs, certain of which are partially or fully funded by government or by customers of the Company. Funding received is accounted for using the cost reduction approach. Research costs are expensed as incurred and development costs which meet certain criteria where future benefit is reasonably certain are deferred to the extent of their estimated recovery.

Foreign Exchange

Assets and liabilities of foreign subsidiaries and investees, all of which are self-sustaining, are translated using the exchange rate in effect at the year-end and revenues and expenses are translated at the average rate during the year. Exchange gains or losses on translation of the Company's net equity investment in these subsidiaries are deferred as a separate component of shareholders' equity. The appropriate amounts of exchange gains or losses accumulated in the separate component of shareholders' equity are reflected in income when there is a reduction in the Company's investment in these subsidiaries and investees as a result of capital transactions.

Foreign exchange gains and losses on transactions during the year are reflected in income except for gains and losses on foreign exchange forward contracts used to hedge specific future commitments in foreign currencies. Gains or losses on these contracts are accounted for as a component of the related hedged transaction.

Income Taxes

The Company follows the deferral method of tax allocation in accounting for income taxes. Under this method timing differences between accounting and taxable income result in the recording of deferred income taxes.

Investment tax credits relating to fixed asset purchases and research and development expenses are accounted for as a reduction of the cost of such assets and expenses, respectively.

consolidated balance *sheets*

	Note		As at July 31 1999		1998
			[Canadian dollars in thousands]		
ASSETS					
Current assets:					
Cash and cash equivalents		$	67,811	$	94,808
Accounts receivable	6		112,943		101,314
Inventories	4		70,878		70,259
Prepaid expenses and other			8,398		8,706
Accounts receivable from related companies	18		3,101		2,712
			263,131		277,799
Investments	2		41,335		34,300
Fixed assets (net)	5		405,377		359,597
Other assets	6		9,962		10,198
		$	719,805	$	681,894
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Bank indebtedness	9	$	29,487	$	28,373
Accounts payable			80,170		74,663
Accrued salaries and wages			22,642		12,294
Other accrued liabilities			25,909		21,153
Income taxes payable	8		9,342		3,260
Long-term debt due within one year	9		13,722		13,729
Debt due to Magna within one year	9		14,096		27,515
			195,368		180,987
Long-term debt	9		26,764		1,782
Long-term debt due to Magna	9		39,304		75,360
Deferred income taxes	8		18,563		23,553
Convertible Series Preferred Shares	10		137,922		132,283
Minority interest			14,136		13,151
Shareholders' equity:					
Convertible Series Preferred Shares	10		14,800		19,462
Class A Subordinate Voting Shares	11		103,661		103,661
Class B Shares	11		95,303		95,303
Retained earnings			56,600		24,704
Currency translation adjustment	13		17,384		11,648
			287,748		254,778
		$	719,805	$	681,894

Commitments and contingencies [notes 9 and 19]

See accompanying notes

On behalf of the Board:

Jennifer J. Jackson,
Director and Member of
the Audit Committee

John T. Mayberry,
Director and Chairman of
the Audit Committee

consolidated statements of income, *retained earnings and Magna's net investment*

	Note		1999		1998		1997
			Years ended July 31				
			[Canadian dollars in thousands, except per share figures]				
Sales	18	$	**901,427**	$	656,175	$	510,986
Cost of goods sold	18		**720,031**		504,153		396,671
Depreciation and amortization			**40,479**		36,165		29,780
Selling, general and administrative			**60,170**		47,005		32,010
Interest expense (net)	9, 18		**411**		7,187		8,802
Amortization of discount on Convertible Series Preferred Shares	10		**5,639**		3,631		–
Affiliation fees and other charges	18		**14,771**		11,763		8,754
Non-recurring start-up costs	18		**2,728**		–		–
Operating income			**57,198**		46,271		34,969
Equity income			**9,003**		2,745		6,615
Income before income taxes and minority interest			**66,201**		49,016		41,584
Income taxes	8		**25,432**		18,448		12,902
Minority interest			**(865)**		1,261		–
Net income			**41,634**		29,307		28,682
Dividends on Convertible Series Preferred Shares (net of return of capital)	10		**(2,838)**		(1,114)		–
Net income attributable to Class A Subordinate Voting Shares and Class B Shares			**38,796**		28,193		28,682
Retained earnings, beginning of year	14		**24,704**		54,444		–
Dividends on Class A Subordinate Voting Shares and Class B Shares	11		**(6,900)**		(1,293)		–
Magna's net investment, beginning of year	14		**–**		196,250		213,936
Net (distribution to) contribution by Magna			**–**		(252,890)		17,612
Change in currency translation adjustment			**–**		–		(644)
Magna's net investment, end of year			**–**		–	$	259,586
Retained earnings, end of year		$	**56,600**	$	24,704		–
Earnings per Class A Subordinate Voting Share or Class B Share							
Basic	11	$	**0.90**	$	0.77		
Fully diluted	11	$	**0.81**	$	0.71		
Average number of Class A Subordinate Voting Shares and Class B Shares outstanding (in millions)							
Basic	11		**43.1**		36.6		
Fully diluted	11		**59.2**		46.6		

See accompanying notes

consolidated statements *of cash flows*

	Note	1999	1998	1997
			Years ended July 31 [Canadian dollars in thousands]	
Cash provided from (used for):				
OPERATING ACTIVITIES				
Net income		$ 41,634	$ 29,307	$ 28,682
Items not involving current cash flows	16	41,636	44,342	31,317
		83,270	73,649	59,999
Changes in non-cash working capital	16	10,470	(5,460)	6,607
		93,740	68,189	66,606
INVESTMENT ACTIVITIES				
Fixed asset additions		(129,541)	(124,027)	(51,245)
Acquisition of subsidiary net of cash and debt assumed	7	–	(27,741)	–
Increase in investments and other		(1,317)	(6,235)	(29,082)
Proceeds from sale of subsidiary	18	296	–	–
Proceeds from disposition of fixed assets		618	141	795
		(129,944)	(157,862)	(79,532)
FINANCING ACTIVITIES				
Issuance of Class A Subordinate Voting Shares (net)	11	–	103,661	–
(Decrease) increase in debt due to Magna		(27,795)	99,010	–
Increase in bank indebtedness	9	27,629	13,655	9,485
Issues of long-term debt	9	39,831	24,471	3,077
Repayments of long-term debt	9	(14,999)	(53,015)	(19,592)
Net (distribution to) contribution by Magna		–	(7,587)	17,612
Dividends on Class A Subordinate Voting Shares and Class B Shares	11	(6,900)	(1,293)	–
Dividends on Convertible Series Preferred Shares	10	(7,500)	(3,000)	–
		10,266	175,902	10,582
Effect of exchange rate changes on cash and cash equivalents		(1,059)	2,023	74
Net (decrease) increase in cash and cash equivalents during the year		(26,997)	88,252	(2,270)
Cash and cash equivalents, beginning of year		94,808	6,556	8,826
Cash and cash equivalents, end of year		$ 67,811	$ 94,808	$ 6,556

See accompanying notes

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Company are set out under "Significant Accounting Policies" preceding these consolidated financial statements.

2. INVESTMENTS

The Company's 40% investments in Decoma Exterior Trim Inc. ("Trimco") and Bestop, Inc. ("Bestop") are subject to shareholders agreements with Magna which holds a 60% interest in each company. These agreements provide for restrictions on share transfers and rights of first refusal.

The Company's interest in Bestop was acquired in October 1996. The difference between cost and the underlying book value of the Company's investment in Bestop has been allocated to goodwill and fixed assets and the unamortized amount is approximately $14.1 million [1998 - $15.0 million].

The following are condensed combined balance sheets and statements of income of the Company's equity accounted investments in Trimco and Bestop:

Balance Sheets

	1999	1998
	[Canadian dollars in thousands]	
Current assets	$150,041	$ 139,488
Fixed assets (net)	85,540	78,400
Other	1,447	7,581
Total assets	237,028	225,469
Current liabilities	73,385	50,276
Long-term liabilities	107,853	138,938
Shareholders' investment	55,790	36,255
Total liabilities and shareholders' investment	$237,028	$ 225,469

Statements of Income

	1999	1998	1997
	[Canadian dollars in thousands]		
Sales	$642,489	$ 549,099	$ 443,033
Cost of goods sold, expenses and income taxes	617,876	541,724	424,632
Net income	$ 24,613	$ 7,375	$ 18,401

3. INTERESTS IN JOINTLY CONTROLLED ENTITIES

The following is the Company's combined proportionate share of the major components of the financial statements of the jointly controlled entities in which the Company has an interest (before eliminations):

Balance Sheets

	1999	1998
	[Canadian dollars in thousands]	
Current assets	$ 79,159	$ 58,031
Long-term assets	117,160	109,369
Current liabilities	47,300	27,745
Long-term liabilities	37,042	33,022

Statements of Income

	1999	1998	1997
	[Canadian dollars in thousands]		
Sales	$318,470	$ 217,233	$ 223,491
Cost of goods sold, expenses and income taxes	304,622	204,144	207,983
Net income	$ 13,848	$ 13,089	$ 15,508

Statements of Cash Flows

	1999	1998	1997
	[Canadian dollars in thousands]		
Cash provided from (used for):			
Operating activities	$ 27,343	$ 32,846	$ 37,637
Investment activities	(34,746)	(14,648)	(16,710)
Financing activities	10,822	(14,227)	(19,139)

Distribution of the Company's proportionate interest in the net income of certain of its jointly controlled entities is 50% annually, unless otherwise approved by both venturers. Distributions would be applied firstly to the repayment of outstanding shareholder loans, if any, and secondly to the payment of dividends on the issued and outstanding shares. At July 31, 1999, the Company's proportionate interest in restricted net assets totaled $112.0 million [1998 - $106.6 million].

4. INVENTORIES

Inventories consist of:

	1999	1998
	[Canadian dollars in thousands]	
Raw materials and supplies	$ 15,027	$ 12,538
Work-in-process	11,709	6,325
Finished goods	9,977	10,310
Tooling	34,165	41,086
	$ 70,878	$ 70,259

5. FIXED ASSETS

Fixed assets consist of:

	1999	1998
	[Canadian dollars in thousands]	
Land	$ 18,204	$ 17,163
Buildings	114,920	76,894
Machinery and equipment	513,148	476,449
	646,272	570,506
Accumulated depreciation [i]	246,548	215,673
	399,724	354,833
Deferred preproduction costs, net	5,653	4,764
	$405,377	$ 359,597

Notes:

[i] Accumulated depreciation includes $27.2 million for buildings [1998 - $23.1 million] and $219.3 million for machinery and equipment [1998 - $192.5 million].

[ii] Included in the cost of fixed assets are construction in progress expenditures of $27.6 million [1998 - $97.2 million].

[iii] Interest capitalized on construction in progress during the year amounted to $4.5 million [1998 - $3.8 million].

6. NOTES RECEIVABLE

In connection with the Company's initial public offering in 1998, the Company provided non-interest bearing loans to qualifying employees who acquired not less than 100 nor more than 200 of such shares. The loans are evidenced by promissory notes and are being repaid by payroll deduction over a maximum thirty month period.

Of the total notes receivable of $1.0 million [1998 - $4.7 million], the portion receivable within one year of $0.6 million [1998 - $2.2 million] has been classified as accounts receivable and the balance is included in other assets.

7. BUSINESS ACQUISITION

On August 15, 1997, the Company entered into a joint venture which acquired the moulding and painting assets and operations of Moldes Para Plastico Ayareb, S.A. de C.V., the largest independent manufacturer of fascias in Mexico. The joint venture company, Decomex Inc. ("Decomex"), also acquired the shares of two related real estate holding companies which own the land and buildings from which the operations are conducted. Cash invested in the joint venture was approximately $27.7 million. The Company has consolidated the results of Decomex as it has a 70 percent interest and exercises operational and management control over the joint venture. The results of operations are included in the Company's consolidated financial statements from the date of acquisition and the net effect of the transaction was as follows:

	[Canadian dollars in thousands]
Non-cash working capital	$ (4,417)
Fixed assets (net)	72,273
Long-term debt [including portion due within one year]	(28,225)
Net assets	$ 39,631
Minority interest	(11,890)
Total purchase price	$ 27,741

8. INCOME TAXES

[a] The provision for income taxes differs from the expense that would be obtained by applying Canadian statutory rates as a result of the following:

	1999	1998	1997
Canadian statutory income tax rate	44.6%	44.6%	44.6%
Manufacturing and processing profits deduction	(9.0)	(9.0)	(9.0)
Expected income tax rate	35.6	35.6	35.6
Earnings of equity investees	(4.8)	(2.0)	(5.7)
Amortization of discount on Convertible Series Preferred Shares	3.0	2.6	–
Foreign rate differentials	0.4	1.4	1.1
Start up costs and losses not benefited	2.5	–	–
Other	1.7	–	–
Effective income tax rate	38.4%	37.6%	31.0%

[b] The details of the income tax provision are as follows:

	1999	1998	1997
	[Canadian dollars in thousands]		
Current provision			
Canadian federal taxes	$ 14,226	$ 7,485	$ 3,340
Provincial taxes	8,683	4,568	2,038
Foreign taxes	6,911	5,209	8,268
	$ 29,820	$ 17,262	$ 13,646
Deferred provision			
Canadian federal taxes	$ (1,041)	$ 367	$ (964)
Provincial taxes	(636)	224	(590)
Foreign taxes	(2,711)	595	810
	$ (4,388)	$ 1,186	$ (744)
	$ 25,432	$ 18,448	$ 12,902

[c] Deferred income taxes have been provided on timing differences which consist of the following:

	1999	1998	1997
	[Canadian dollars in thousands]		
Preproduction and contract costs, capitalized for accounting [net of amortization], deducted for tax	$ 271	$ 1,565	$ 850
Book depreciation in excess of tax depreciation	489	83	(690)
Tax losses benefited	(2,973)	–	–
Other	(2,175)	(462)	(904)
	$ (4,388)	$ 1,186	$ (744)

[d] Income taxes paid in cash were $26.7 million in fiscal 1999 [1998 - $12.5 million; 1997 - $11.4 million].

[e] Retained earnings include approximately $63.5 million at July 31, 1999 of undistributed earnings of foreign subsidiaries that may be subject to tax if remitted to the Canadian parent company. No provision has been made for such taxes as these earnings are considered to be reinvested indefinitely.

9. DEBT AND COMMITMENTS

[a] The Company's long-term debt consists of the following:

	1999	1998
	[Canadian dollars in thousands]	
Bank term debt denominated primarily in Canadian dollars [i]	$ 13,005	$ 5,610
Bank term debt denominated in Belgian Francs [ii]	15,451	2,375
Bank term debt denominated in U.S. dollars [iii]	12,030	7,526
	40,486	15,511
Less due within one year	13,722	13,729
	$ 26,764	$ 1,782

Notes:

[i] The unsecured bank term debt, which bears interest at rates not exceeding the bank's prime rate, has no mandatory repayments prior to the maturity date of April 15, 2000.

[ii] The unsecured bank term debt bears interest at EURIBOR plus 0.1%, is repayable on a quarterly basis over the next five years and matures on March 1, 2004.

[iii] The unsecured bank term debt bears interest at US LIBOR plus 1.7077%, is repayable on June 15, 2000. This term debt has been classified as long term as it is subject to annual renewal and it is management's intention to continue revolving the facility.

[b] Future principal repayments on long-term debt are estimated to be as follows:

	[Canadian dollars in thousands]
2000	$ 13,722
2001	1,239
2002	2,383
2003	3,424
2004	3,223
Thereafter	16,495
	$ 40,486

[c] The Company has unsecured operating lines of credit, which bear interest at rates not exceeding the bank's prime rate, totaling $30 million and term lines of credit totaling $70 million. The unused available operating lines of credit at July 31, 1999 were approximately $30 million and term lines of credit of approximately $44 million.

At July 31, 1999, on a proportionate basis, the Company's jointly controlled entities had unsecured operating lines of credit, which bear interest at rates not exceeding the bank's prime rate, totaling $33 million and term lines of credit totaling $56 million. The Company's jointly controlled entities had unused and available operating lines of credit of approximately $29 million and term lines of credit of approximately $28 million.

[d] The Company's debt due to Magna consists of the following:

	1999	1998
	[Canadian dollars in thousands]	
Notes payable denominated primarily in both Canadian and U.S. dollars [i]	$ 3,011	$ 27,515
Notes payable denominated primarily in U.S. dollars [ii]	50,389	75,360
	53,400	102,875
Less due within one year	14,096	27,515
	$ 39,304	$ 75,360

Notes:
[i] The unsecured notes payable consist of both Canadian and U.S. dollar notes. The Canadian notes bear interest at rates not exceeding the bank's prime rate. The U.S. notes bear interest at the bank's U.S. prime rate minus 1%. The notes are repayable in installments over the next fiscal year.

[ii] The unsecured notes payable, which bear interest at the bank's U.S. prime rate minus 1%, is repayable on a quarterly basis over the next two years and matures on June 30, 2001.

[e] Future principal repayments of debt due Magna is estimated to be as follows:

	[Canadian dollars in thousands]
2000	$ 14,096
2001	39,304
	$ 53,400

[f] Interest paid includes:

	1999	1998	1997
	[Canadian dollars in thousands]		
Interest - long-term debt	$ 1,046	$ 2,633	$ –
Interest - external	(1,069)	(1,703)	514
Interest - debt due to Magna and affiliates	434	6,257	8,288
Interest expense for the year	411	7,187	8,802
Interest - capitalized on construction in progress	4,460	3,814	165
Interest paid for the year	$ 4,871	$ 11,001	$ 8,967

[g] At July 31, 1999, the Company had commitments under operating leases requiring annual rental payments as follows:

	[Canadian dollars in thousands]
2000	$ 6,563
2001	5,594
2002	5,232
2003	3,863
2004	3,395
Thereafter	2,093
	$ 26,740

In fiscal 1999, operating lease expense amounted to approximately $7.8 million [1998 - $3.4 million; 1997 - $3.9 million].

[h] As at July 31, 1999, the Company has commitments to purchase fixed assets of approximately $34.6 million.

10. CONVERTIBLE SERIES PREFERRED SHARES

The Company is authorized to issue and has outstanding the following Convertible Series Preferred Shares:

	Number of Shares	
	1999	1998
Preferred Shares, Series 1	500,000	500,000
Preferred Shares, Series 2	500,000	500,000
Preferred Shares, Series 3	500,000	500,000

These shares have the following attributes:

- carrying value of $100 per share
- 5% preferential non-cumulative cash dividend per annum, payable on a fiscal quarterly basis
- retractable at their carrying value by the holders thereof after July 31, 2000 in the case of the Preferred Shares, Series 1; after July 31, 2001 in the case of the Preferred Shares, Series 2; and after July 31, 2002 in the case of the Preferred Shares, Series 3
- redeemable at their carrying value and subject to purchase for cancellation by the Company commencing August 1, 2003
- convertible into Class A Subordinate Voting Shares at a price of $10.07 per share

The Convertible Series Preferred Shares were issued to Magna on December 7, 1997 in satisfaction of $150 million of the Company's indebtedness to Magna.

For purposes of accounting for the Convertible Series Preferred Shares, three key attributes of these shares were valued as of their date of issuance and are presented separately in the Company's consolidated financial statements. These three key attributes are:

[i] the retraction of the Convertible Series Preferred Shares at their carrying value by the holders;

[ii] the non-cumulative cash dividend payable in respect of the Convertible Series Preferred Shares; and

[iii] the ability to convert the Convertible Series Preferred Shares into Class A Subordinate Voting Shares at a fixed price.

The retraction attribute is a liability of the Company and is presented as long-term debt because it is at the option of the holder. The non-cumulative nature of the dividend means it is dissimilar to an interest payment on debt and, therefore, the long-term debt is presented as the net present value of (i.e., at a discount to) the carrying value which becomes payable, at the option of the holder, on the dates indicated above. The resultant discount is amortized to income systematically from the date of issuance until the date of retraction for each series of the Convertible Series Preferred Shares.

The non-cumulative dividend, for reasons indicated above, is not considered debt-related. However, because holders of the Convertible Series Preferred Shares expect to receive dividends and it was the Company's expectation, at the date of issuance, to pay dividends, there is a value to the expected stream of dividend payments. The net present value of this expected dividend stream has, therefore, been presented as equity. As dividends are declared, a systematically calculated portion of the dividend is shown as a return of capital and deducted from the amount presented as equity. The dividends on the Convertible Series Preferred Shares as presented in the consolidated statements of income and retained earnings reflect the actual dividend declared net of the amount considered a return of capital.

The third attribute, the conversion feature, is similar to a stock warrant in that it provides holders with the option to exchange their Convertible Series Preferred Shares for Class A Subordinate Voting Shares at a fixed price. The residual approach was used to value this attribute, and this amount is classified as equity in a manner consistent with accounting for stock purchase warrants.

The portion of the Convertible Series Preferred Shares classified as long-term debt, and the amounts reflected as amortization of discount on Convertible Series Preferred Shares are as follows:

	Preferred Shares			
	Series 1	Series 2	Series 3	Total
	[Canadian dollars in thousands]			
Issuance on December 7, 1997	$ 44,913	$ 42,891	$ 40,848	$ 128,652
Amortization of discount	1,221	1,213	1,197	3,631
Balance, July 31,1998	46,134	44,104	42,045	132,283
Amortization of discount	1,894	1,884	1,861	5,639
Balance, July 31, 1999	$ 48,028	$ 45,988	$ 43,906	$ 137,922

The portion of the Convertible Series Preferred Shares included in shareholders' equity is as follows:

	1999	1998
	[Canadian dollars in thousands]	
Warrant portion (relating to conversion feature)	$ 3,514	$ 3,514
Dividend stream portion (relating to non-cumulative dividends)	11,286	15,948
	$ 14,800	$ 19,462

11. CAPITAL STOCK

[a] Class A Subordinate Voting Shares and Class B Shares

Class A Subordinate Voting Shares without par value [unlimited amount authorized] are entitled to one vote per share at all meetings of shareholders and shall participate equally as to cash dividends with each Class B Share.

Class B Shares without par value [unlimited amount authorized] are entitled to 20 votes per share at all meetings of shareholders, shall participate equally as to cash dividends with each Class A Subordinate Voting Share and may be converted at any time into fully-paid Class A Subordinate Voting Shares on a one-for-one basis.

In the event that either the Class A Subordinate Voting Shares or the Class B Shares are subdivided or consolidated, the other class shall be similarly changed to preserve the relative position of each class.

Outstanding Class A Subordinate Voting Shares and Class B Shares included in shareholders' equity for 1999 and 1998 consist of [Canadian dollars in thousands]:

	Class A Subordinate Voting Shares		Class B Shares	
	Number of shares	Consideration	Number of shares	Consideration
Issuance of Class B Shares on the reorganization of the Company December 7, 1997			31,909,091	$ 95,303
Initial public offering [i]	11,218,316	$ 103,661		
Balance	11,218,316	$ 103,661	31,909,091	$ 95,303

[i] Details of the proceeds from the 1998 initial public offering of Class A Subordinate Voting Shares are as follows:

	[Canadian dollars in thousands]
Total proceeds 11,218,316 shares at $9.50 per share	$ 106,574
Underwriters' fee	(1,974)
Other expenses of the issue	(2,281)
Tax savings in respect of above fee and expenses	1,342
Net proceeds	$ 103,661

[b] Incentive Stock Option Plan

Under the 1998 Incentive Stock Option Plan adopted by the Company on March 2, 1998, the Company may grant options to purchase Class A Subordinate Voting Shares to present and future officers, directors, other full-time employees or consultants of the Company. The maximum number of shares reserved to be issued for options is 4,100,000. The number of reserved but unoptioned shares at July 31, 1999 is 2,930,000 [1998 - 2,970,000].

The following is a continuity schedule of the options outstanding:

	Number	Price	Options Exercisable
Options granted - March 2, 1998	380,000	$ 9.50	
Options granted - June 11, 1998	750,000	$ 13.55	
Balance, July 31, 1998	1,130,000		345,000
Options granted - September 16, 1998	40,000	$ 11.55	
Balance, July 31, 1999	1,170,000		532,500

All options granted are for a term of no more than ten years from the date of grant. The options granted March 2, 1998 vest 12 1/2% on the grant date, 12 1/2% on July 31, 1998 and 12 1/2% on each of the following six fiscal year ends. As for the options granted June 11, 1998, 33 1/3% vest on the grant date and 16 2/3% on each of the following four anniversaries of the grant.The options granted on September 16, 1998 vest 37 1/2% on July 31, 1999 and 12 1/2% on each of the following five fiscal year ends.

[c] Maximum Number of Shares

The following table presents the maximum number of shares that would be outstanding if all the outstanding options and Convertible Series Preferred Shares issued and outstanding at July 31, 1999 were exercised or converted:

	Number of Shares
Class A Subordinate Voting Shares outstanding at July 31, 1999	11,218,316
Class B Shares outstanding at July 31, 1999	31,909,091
Options to purchase Class A Subordinate Voting Shares	1,170,000
Preferred Shares, Series 1, convertible at $10.07 per share	4,965,243
Preferred Shares, Series 2, convertible at $10.07 per share	4,965,243
Preferred Shares, Series 3, convertible at $10.07 per share	4,965,243
	59,193,136

[d] Basic Earnings Per Share

Earnings per Class A Subordinate Voting Share or Class B Share have been calculated using the weighted average number of Class A Subordinate Voting Shares outstanding during the year, plus the weighted average number of Class B Shares outstanding during the year.

[e] Fully Diluted Earnings Per Share

The calculation of fully diluted earnings per share assumes that, if a dilutive effect is produced, all Convertible Series Preferred Shares had been converted, and all outstanding options had been exercised at the later of the beginning of the year and the issue date. There is an allowance for imputed earnings equal to the amortization of the discount on the Convertible Series Preferred Shares, plus the dividends declared less the portion considered a return of capital and imputed after-tax earnings on the proceeds that would be received through the assumed exercise of the stock options based on an assumed after-tax rate of return of 3.9% for the year ended July 31, 1999 [1998 - 4.5%].

[f] Dividends

Dividends declared and paid on the outstanding Class A Subordinate Voting Shares and Class B Shares aggregated $6.9 million in 1999 [1998 - $1.3 million]. In connection with the reorganization of the Company on December 7, 1997 as discussed under "Principles of Consolidation" the Company paid a series of dividends aggregating $56.6 million to Magna in 1998 (see "Net Distribution to Magna" on the Consolidated Statements of Income).

12. FINANCIAL INSTRUMENTS

[a] Fair Value

The methods and assumptions used to estimate the fair value of financial instruments are described below.

Cash and cash equivalents, accounts receivable, accounts receivable from related parties, bank indebtedness, accounts payable and accrued liabilities
Due to the short period to maturity of the instruments, the carrying values as presented in the consolidated balance sheets are reasonable estimates of fair value.

Investments
Fair value information is not readily available. However, management believes the market value to be in excess of the carrying value of investments based on estimated future cash flows.

Long-term debt
The fair value of the Company's long-term debt (including the debt portion of the Convertible Series Preferred Shares) based on current rates for debt with similar terms and maturities, are not materially different from their carrying value.

[b] Credit Risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and accounts receivable.

The Company, in the normal course of business, is exposed to credit risk from its customers, substantially all of which are in the automotive industry.

Cash and cash equivalents which consists of short-term investments, including commercial paper, is only invested in governments and corporations with an investment grade credit rating.

[c] Interest Rate Risk

The following table summarizes the Company's exposure to interest rate risk as at July 31, 1999 [Canadian dollars in thousands]:

	Floating Rate	Fixed interest rate maturing in 3 to 5 years	Non-interest bearing	Total
Financial Assets:				
Cash and cash equivalents	$ 67,811	$ –	$ –	$ 67,811
Accounts receivable and all other receivables	–	–	116,044	116,044
Financial liabilities:				
Bank indebtedness	(29,487)	–	–	(29,487)
Accounts payable and all other accrued liabilities and payables	–	–	(138,063)	(138,063)
Long-term debt	(40,486)	–	–	(40,486)
Long-term debt due to Magna	(53,400)	–	–	(53,400)
Convertible Series Preferred Shares	–	(137,922)	–	(137,922)
	$ (55,562)	$ (137,922)	$ (22,019)	$(215,503)
Average fixed rate of long-term debt		5%		

[d] Foreign Exchange Risk

The Company operates in North America and Europe, which gives rise to a risk that its earnings, cash flows and shareholders' equity may be adversely impacted by fluctuations in foreign exchange in three principal foreign currencies. The impact on earnings is limited in part as exchange gains or losses arising on the translation of the accounts of all foreign subsidiaries are deferred as a separate component of shareholders' equity. The Company makes limited use of foreign exchange contracts to manage foreign exchange risk from its underlying customer and supplier contracts. Any gains and losses on these hedging instruments are recognized in the same period as, and part of, the hedged transaction. The Company does not enter into foreign exchange contracts for speculative purposes. At July 31, 1999 and 1998, the Company was not party to any significant outstanding foreign exchange contracts.

13. CURRENCY TRANSLATION ADJUSTMENT

The following is a continuity schedule of the currency translation adjustment account included in shareholders' equity:

	1999	1998
	[Canadian dollars in thousands]	
Balance, beginning of year (see note 14)	$ 11,648	$ 8,892
Translation adjustments	5,736	2,756
Balance, end of year	$ 17,384	$ 11,648

Unrealized translation adjustments, which arise on the translation to Canadian dollars of assets and liabilities of the Company's self-sustaining foreign operations, resulted in an unrealized currency translation gain of $5.7 million [1998 - $2.8 million].

14. MAGNA'S NET INVESTMENT

The comparative figures on the Consolidated Statements of Income and Retained Earnings show Magna's net investment which comprises the accumulated earnings of the Company, contributions by Magna less distributions to Magna and the currency translation adjustment. In 1998, as a result of the reorganization of the Company which occurred December 7, 1997, certain components of Magna's net investment were reclassified to shareholders' equity. As a result, Magna's net investment at July 31, 1997 was restated as follows:

	[Canadian dollars in thousands]
Magna's net investment, July 31, 1997	$ 259,586
Retained earnings, July 31, 1997	(54,444)
Currency translation adjustment, July 31, 1997	(8,892)
Restated Magna's net investment, July 31, 1997	$ 196,250

15. RESEARCH AND DEVELOPMENT

Research and development expenditures, net of amounts funded by governments or customers, for fiscal 1999 were $19.1 million [1998 - $8.4 million; 1997 - $4.0 million].

16. DETAILS OF CASH FROM OPERATING ACTIVITIES

[a] Items not involving current cash flows:

	1999	1998	1997
	[Canadian dollars in thousands]		
Depreciation and amortization	**$ 40,479**	$ 36,165	$ 29,780
Deferred income taxes	**(4,990)**	9,187	1,314
Equity income	**(9,003)**	(2,745)	(6,615)
Minority interest	**(865)**	1,261	–
Amortization of discount on Convertible Series Preferred Shares	**5,639**	3,631	–
Other	**10,376**	(3,157)	6,838
	$ 41,636	$ 44,342	$ 31,317

[b] Changes in non-cash working capital:

	1999	1998	1997
	[Canadian dollars in thousands]		
Accounts receivable	**$ (9,382)**	$ (19,062)	$ (7,693)
Inventories	**1,170**	(21,882)	6,907
Prepaid expenses and other	**1,486**	1,546	(4,120)
Accounts payable and other accrued liabilities	**1,155**	34,202	9,207
Accrued salaries and wages	**10,348**	(1,012)	1,744
Income taxes payable	**6,082**	3,460	562
Accounts receivable from related companies	**(389)**	(2,712)	–
	$ 10,470	$ (5,460)	$ 6,607

17. SEGMENTED INFORMATION

[a] In the current fiscal year, the Company adopted the segment disclosure requirements as provided for in the new recommendations of The Canadian Institute of Chartered Accountants. The new recommendations establish standards for reporting information about operating segments in financial statements. Operating segments are defined as components of an enterprise about which separate financial information is available and which is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The Company's segments' operations are substantially all related to the automotive industry.

The following table shows certain information with respect to segment disclosure [Canadian dollars in thousands]:

1999	Directly Controlled	Jointly Controlled	Corporate and Other[i]	Total
Sales	$ 604,397	$318,470	$ (21,440)	$ 901,427
Income before income taxes and minority interest	$ 48,695	$ 22,850	$ (5,344)	$ 66,201
Total assets	$ 445,379	$196,319	$ 78,107	$ 719,805

1998	Directly Controlled	Jointly Controlled	Corporate and Other[i]	Total
Sales	$ 455,963	$217,233	$ (17,021)	$ 656,175
Income before income taxes and minority interest	$ 35,217	$ 20,783	$ (6,984)	$ 49,016
Total assets	$ 391,496	$167,400	$122,998	$ 681,894

1997	Directly Controlled	Jointly Controlled	Corporate and Other[i]	Total
Sales	$ 308,728	$223,491	$ (21,233)	$ 510,986
Income before income taxes and minority interest	$ 23,049	$ 25,304	$ (6,769)	$ 41,584
Total assets	$ 144,896	$161,999	$ 56,169	$ 363,064

Notes:

[i] Included in Corporate and Other income before income taxes and minority interest for the year ended July 31, 1999 is equity income of $9.0 million [1998 - $2.7 million; 1997 - $6.6 million]. Also included in Corporate and Other income before income taxes and minority interest are intercompany fees and interest charged to the other segments.

[b] Substantially all revenue is derived from sales to the North American facilities of the major automobile manufacturers. In fiscal 1999, sales to the Company's three largest customers amounted to 32%, 27% and 25% [1998 - 34%, 25% and 21%; 1997 - 37%, 35% and 20%] of total sales, respectively.

[c] In fiscal 1999, exports from Canadian facilities were $206.4 million [1998 - $152.8 million; 1997 - $143.1 million], substantially all of which were to the United States. Export sales of the other geographic segments are not significant.

[d] Income before income taxes from foreign operations for fiscal 1999 amounted to $4.9 million [1998 - $15.7 million; 1997 - $21.5 million].

[e] The following table shows certain information with respect to geographic segmentation:

1999	Canada	United States	Mexico and Other	Total
Sales	$ 513,599	$302,874	$ 84,954	$ 901,427
Fixed assets, net	$ 117,397	$189,416	$ 98,564	$ 405,377

1998	Canada	United States	Mexico and Other	Total
Sales	$ 402,419	$172,999	$ 80,757	$ 656,175
Fixed assets, net	$ 125,358	$156,861	$ 77,378	$ 359,597

1997	Canada	United States	Mexico and Other	Total
Sales	$ 353,818	$183,028	$ (25,860)	$ 510,986
Fixed assets, net	$ 105,249	$ 80,955	$ 4,311	$ 190,515

18. TRANSACTIONS WITH RELATED PARTIES

[Canadian dollars in thousands]	1999	1998	1997
Interest, affiliation fees and other charges by Magna and affiliates	$ 18,739	$ 19,773	$ 18,792
Sales of materials to Magna and affiliates	$ 26,772	$ 21,042	–
Purchases of materials from Magna and affiliates	$ 16,921	$ 10,999	$ 11,019

The Company is party to an affiliation agreement with Magna that provides for the payment by the Company of an affiliation fee and certain other negotiated charges in exchange for, among other things, Magna granting the Company a non-exclusive world-wide license to use certain Magna trademarks, and Magna providing certain management and administrative services to the Company. The affiliation fee is based on the sum of certain specified percentages of sales and the pre-tax profits before profit sharing [after adjustments to add back certain amounts specified in the agreement] of the Company and its subsidiary entities and joint ventures in which it has an equity interest, less any fees paid to other Magna affiliates for providing, instead of Magna, benefits or services to the Company. Transactions with Magna and affiliates are effected on normal commercial terms.

Pursuant to Decoma's Corporate Constitution, 10% of Decoma's employee pre-tax profits before profit sharing for any fiscal year is required to be allocated to an employee equity participation and profit sharing program (the "Decoma EPSP") consisting of the Decoma

deferred profit sharing plan and a cash distribution to eligible employees of Decoma. The Company's portion of the costs associated with the Decoma EPSP in fiscal 1999 have been expensed in the Consolidated Statement of Income. In the prior years, the Company participated in the Magna plan and the Company's portion of the costs associated with the plan were expensed in the Consolidated Statements of Income.

On July 30, 1999, the Company entered into an agreement with Magna to sell 100% of the Company's interest in its Brazilian subsidiary. The Brazilian subsidiary manufactured and supplied plastic parts and components for the Mercedes Benz A Class vehicle manufactured in Juiz de Fora, Brazil. Under the terms of the agreement, Decoma was reimbursed for various costs incurred on the start-up of the operation and Magna assumed all assets and liabilities of the Brazilian operation. The net proceeds received from Magna for the Company's investment was $9.4 million ($0.3 million was received July 30, 1999, the balance is made up of notes receivable that are due over the next fiscal year). Costs incurred on the start-up of the Brazilian operation exceeded the proceeds received by $2.7 million and has been shown as a separate line on the Consolidated Statement of Income for the year ended July 31, 1999.

19. CONTINGENCIES

[a] In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the Company.

[b] Uncertainty due to the Year 2000 Issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Company, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

20. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The Company's accounting policies as reflected in these consolidated financial statements do not materially differ from accounting principles generally accepted in the United States ["U.S. GAAP"] except for:

[a] The income tax provision is based on the deferred method of income tax allocation. Under U.S. GAAP, Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" requires that the liability method be used. Under the liability method, deferred income taxes are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and are adjusted for enacted changes in income tax rates.

[b] The calculation of basic earnings per share would be calculated using the weighted average number of common shares outstanding during the year. The calculation of diluted earnings per share requires the use of the treasury stock method to calculate the weighted average number of outstanding shares.

[c] The loans to employees, as described in note 6, which were provided for the purpose of purchasing Class A Subordinate Voting Shares would be shown as a reduction of the Class A Subordinate Voting Shares.

[d] Under U.S. GAAP, the Company would not have accounted for the Convertible Series Preferred Shares as part equity and part debt based on its three key attributes as required under Canadian GAAP. Under Canadian GAAP, the dividend on the Convertible Series Preferred Shares is presented net of an assumed return of capital and the discount on the portion of the Convertible Series Preferred Shares classified as debt is amortized to income. Under U.S. GAAP, the entire dividend is presented on the Consolidated Statements of Income and, since the financial instrument would be recorded at its face value as debt, no amounts would be reflected as a return of capital, nor would any discount be amortized to the Consolidated Statements of Income.

[e] The Company has certain interests in jointly controlled entities which have been proportionately consolidated in the Company's consolidated financial statements. For purposes of U.S. GAAP, these interests would be accounted for by the equity method. Net income and retained earnings under U.S. GAAP are not impacted by the proportionate consolidation of these interests in jointly controlled entities.

[f] The consolidated statements of cash flows prepared in accordance with Canadian GAAP conform with U.S. GAAP in all material respects except for the impact of proportionate consolidation.

[g] The Company defers certain pre-production costs related to new production facilities. For purposes of U.S. GAAP, such costs are expensed as incurred.

[h] The following table presents net income and comprehensive income following U.S. GAAP:

	1999	1998	1997
	[Canadian dollars in thousands, except per share figures]		
Net income attributable to Class A Subordinate Voting Shares and Class B Shares under Canadian GAAP	$ 38,796	$ 28,193	$ 28,682
Adjustments:			
Amortization of discount on Convertible Series Preferred Shares	5,639	3,631	-
Return of capital on Convertible Series Preferred Shares	(4,662)	(1,886)	-
Income tax provision adjustment under the liability rate method	329	(168)	(361)
Deferred pre-production and contract costs	(7,337)	(1,033)	(718)
Net income attributable to Class A Subordinate Voting Shares and Class B Shares under United States GAAP	32,765	28,737	27,603
Other comprehensive income:			
Foreign currency translation adjustment	5,736	2,756	(644)
Comprehensive income under United States GAAP	$ 38,501	$ 31,493	$ 26,959
Earnings per Class A Subordinate Voting Share or Class B Share			
Basic	$ 0.76	$ 0.79	
Diluted	$ 0.72	$ 0.62	
Weighted average number of Class A Subordinate Voting Shares and Class B Shares outstanding during the year [in millions]			
Basic	43.1	36.6	
Diluted	58.0	46.3	

[i] Deferred income taxes under U.S. GAAP consist of the following temporary differences:

	1999	1998
	[Canadian dollars in thousands]	
Tax depreciation in excess of book depreciation	$ 18,208	$ 24,996
Tax losses and share issue costs	(4,888)	(2,788)
Other	1,599	1,928
	$ 14,919	$ 24,136

[j] The following table presents shareholders' equity under U.S. GAAP:

	1999	1998
	[Canadian dollars in thousands]	
Class A Subordinate Voting Shares	$102,773	$ 99,637
Class B Shares	95,303	95,303
Retained earnings	51,280	24,615
Accumulated other comprehensive income	17,384	11,648
	$266,740	$ 231,203

[k] The Company continues to measure compensation costs related to awards of stock options using the intrinsic value based method of accounting as prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees" as permitted by SFAS 123. In this instance, however, under SFAS 123 "Accounting for Stock Based Compensation", the Company is required to make proforma disclosures of net income attributable to Class A Subordinate Voting Shares and Class B Shares and basic and diluted earnings per Class A Subordinate Voting Share or Class B Share as if the fair value method of accounting had been applied.

The fair value of the stock options is estimated at the date of grant using the Black Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 5.2%; dividend yields of 1.7%; expected volatility of 26% and, expected life of 6 years. The Black Scholes option valuation model used by the Company to determine fair values, as well as other currently accepted option valuation models were developed for use in estimating the fair value of freely traded options which are fully transferable and have no vesting restrictions. In addition, this model requires the input of highly subjective assumptions, including future stock price volatility and expected time until exercise. Because the Company's outstanding stock options have characteristics which are significantly different from those of traded options, and because changes in any of the assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

Accordingly, for purposes of proforma disclosures, the Company's net income attributable to Class A Subordinate Voting Shares and Class B Shares would have been reduced by $0.7 million and both basic and diluted earnings per Class A Subordinate Voting Share or Class B Share would have been reduced by $0.02. For 1998, there would have been no material impact on net income attributable to Class A Subordinate Voting Shares and Class B Shares or on earnings per share.

[l] Under SAB 74, the Company is required to disclose certain information related to new accounting standards which have not yet been adopted due to delayed effective dates. Specifically, SFAS 133 "Accounting for Derivative Instruments and Hedging Activities" is effective for fiscal periods beginning after June 15, 2000 as per SFAS 137 "Accounting for Derivative Instruments and Hedging Activities Deferral of the Effective Date of SFAS 133". The Company has not yet determined the impact, if any, of SFAS 133 on its consolidated financial statements.

21. COMPARATIVE FIGURES

The comparative consolidated statements of cash flows have been restated to separately disclose the effect of exchange rate changes on cash and cash equivalents and to exclude certain non-cash financing transactions as required by new accounting recommendations issued by The Canadian Institute of Chartered Accountants.

Certain other comparative figures have been reclassified to conform to the current period's method of presentation.

management & *officers*

Management
left to right:

S. Randall Smallbone
Vice-President, Finance & Chief Financial Officer

Robert W. Potokar
Vice-President, Operations

Alan J. Power
President & Chief Executive Officer

Terry L. Ball
President
Decoma Exterior Trim Inc.

John L. Tobiczyk
President & Chief Executive Officer
Conix Corporation

Douglas M. Harrison
Vice-President, Planning & Corporate Development

Gregory J. Walton
Vice-President, Sales & Marketing

R. David Benson
Vice-President, Secretary & General Counsel

James R. Drouillard
Vice-President, Engineering & Product Development

Officers

Alan J. Power
President & Chief Executive Officer

S. Randall Smallbone
Vice-President, Finance &
Chief Financial Officer

Robert W. Potokar
Vice-President, Operations

R. David Benson
Vice-President, Secretary & General Counsel

James R. Drouillard
Vice-President, Engineering & Product Development

Gregory J. Walton
Vice-President, Sales & Marketing

Douglas M. Harrison
Vice-President, Planning & Corporate Development

David M. Ongaro
Director, Treasury and Finance

Kenneth J. Gibbons
Corporate Controller

board of *directors*

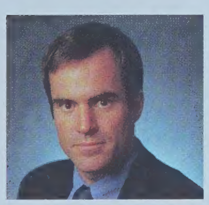
Robert J. Fuller [1,2,3] (58), B.Com., LL.B., Q.C., is a partner in the law firm Miller Thomson, a full service law firm with offices in Toronto, Markham, Edmonton and Calgary and affiliations throughout the world. His practice involves individual and corporate planning from a broad perspective, both domestic and international. He serves on the boards of directors of numerous companies. Mr. Fuller has been a director of Decoma since March 2, 1998.

Jennifer J. Jackson [1,3] (51), is the President of Berger Jackson Capital Services, Inc. and a Principal of Berger Jackson Capital Management, LLC and Berger Jackson Capital L.P., general partners for the Berger Jackson group of private investment partnerships, providing investment and financial advice to individual, corporate and institutional clients. She has provided strategic direction and developed strategic relationships for a number of companies. Ms. Jackson has been a director of Decoma since March 2, 1998.

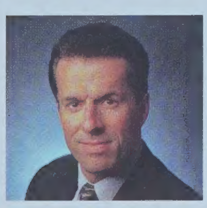
Frank E. Macher [2,4] (58), B.S.MechEng, M.B.A., retired this year as President and Chief Executive Officer of ITT Automotive, one of the largest independent suppliers to the world's automakers. He has served on the Industry Manufacturing Advisory Council for Stanford University, the MIT Leaders for Manufacturing Council, and has been a member of the Board of Trustees of the Kettering University and the Detroit Historical Society. Mr. Macher has been a director of Decoma since January 6, 1999.

John T. Mayberry [1] (55), B.A.Psych, LL.D., is the President and Chief Executive Officer of Dofasco Inc., a major steel manufacturer located in Hamilton, Ontario. He is a director of Dofasco Inc., the Bank of Nova Scotia and United Dominion Industries Limited. He participates in a number of industry-related associations and is a director of the International Iron and Steel Institute, the American Iron and Steel Institute, the Canadian Steel Producers' Association and the Canadian Steel Trade and Employment Congress. Mr. Mayberry has been a director of Decoma since March 2, 1998.

James Nicol (45), LL.B., LL.M., is Vice-Chairman of the Board and a director of Magna International Inc., a leading global supplier of technologically advanced automotive systems, components and complete modules, a position he assumed upon Magna's 1998 acquisition of TRIAM Automotive Inc., an automotive parts manufacturer he founded in 1994. He also serves as a director of Harrowston Inc. Mr. Nicol has been a director of Decoma since September 16, 1998.



Alan J. Power [3] (37), B. Eng Mech., is President and Chief Executive Officer of Decoma International Inc., a full service supplier of exterior vehicle appearance systems for the world's automotive industry. He has directed Decoma's global growth since becoming President in 1993, having commenced his career with the Magna group in 1987. Mr. Power is a member of the Magna Technical Training Centre Advisory Committee and has been a director of Decoma since December 3, 1997.



Donald J. Walker [2] (43), P.Eng., is President and Chief Executive Officer and a director of Magna International Inc., a leading global supplier of technologically advanced automotive systems, components and complete modules. He sits on several boards, including the Automotive Parts Manufacturers Association, the Humber College Foundation, Co-Chair of the Automotive Advisory Committee to Industry Canada, and a member of the Ontario Jobs and Investment Board. Mr. Walker has been a director of Decoma since December 3, 1997.

(1) Member of the Audit and Corporate Governance Committee
(2) Member of the Human Resources and Compensation Committee
(3) Member of the Health and Safety and Environmental Committee
(4) Appointed January 6, 1999

investor • *information*

Canada

1998 Quarter	(TSE) ($CDN) Volume	High	Low	Close
1st	n/a	n/a	n/a	n/a
2nd	n/a	n/a	n/a	n/a
3rd	2,358,996	17.10	9.65	13.55
4th	505,732	15.65	12.55	13.00

1999 Quarter	Volume	High	Low	Close
1st	307,606	13.00	9.55	9.60
2nd	430,378	15.25	9.60	11.65
3rd	278,799	13.00	10.50	10.70
4th	346,096	12.60	10.70	12.10

United States

1998 Quarter	(NASDAQ) ($US) Volume	High	Low	Close
1st	n/a	n/a	n/a	n/a
2nd	n/a	n/a	n/a	n/a
3rd	522,464	12.00	6.88	9.56
4th	129,899	11.00	8.63	8.63

1999 Quarter	Volume	High	Low	Close
1st	138,686	9.00	6.00	6.16
2nd	130,597	9.88	6.50	7.75
3rd	98,190	8.50	7.00	7.33
4th	87,906	8.63	7.25	7.88

Distribution of Shares

Country	%
Canada	94.9
United States	5.1

Transfer Agents & Registrars

Canada - Class A Subordinate Voting Shares
Montreal Trust Company of Canada, Toronto

United States - Class A Subordinate Voting Shares
The Bank of Nova Scotia Trust Company of New York, New York

Stock Listings

Class A Subordinate Voting Shares
Toronto Stock Exchange - DEC.A
NASDAQ National Market - DECAF

Auditors

Ernst & Young LLP,
Toronto, Canada

Principal Bankers

Royal Bank of Canada
Citibank Canada
Toronto, Canada

Investor Information

Shareholders seeking assistance or information about the Company are requested to contact:

S. Randall Smallbone,
Vice-President, Finance
and Chief Financial Officer:
50 Casmir Court, Concord,
Ontario, Canada L4K 4J5
voice: 905.669.2888
fax: 905.669.5075

Annual Meeting

10:30 a.m., Wednesday, December 8, 1999
The Design Exchange
Toronto Dominion Centre
Ernst & Young Tower
234 Bay Street,
Second Floor
Toronto, Ontario, Canada

5 year financial *summary*

Operations Data

Years ended July 31

	1999	1998	1997	1996	1995
			[Canadian dollars in thousands, except per share figures]		
Sales	$ 901,427	$ 656,175	$ 510,986	$ 418,228	$ 411,122
Operating income	57,198	46,271	34,969	33,449	40,839
Net income	41,634	29,307	28,682	25,383	30,719
Earnings per Class A Subordinate Voting Share or Class B Share					
Basic	$ 0.90	$ 0.77	–	–	–
Fully diluted	$ 0.81	$ 0.71	–	–	–
Average number of Class A Subordinate Voting Shares or Class B Shares outstanding					
Basic	43,127,407	36,593,663	–	–	–
Fully diluted	59,188,177	46,585,250	–	–	–
Cash flow from operating activities	$ 93,740	$ 68,189	$ 66,606	$ 28,729	$ 56,008

Financial Position

As at July 31

	1999	1998	1997	1996	1995
					[Canadian dollars in thousands]
Cash (net of bank indebtedness)	$ 38,324	$ 66,435	$ (8,162)	$ 3,593	$ 7,390
Total assets	719,805	681,894	363,064	310,812	249,561
Fixed asset additions	129,541	124,027	51,245	37,674	26,707
Long-term debt (excluding current portion)	26,764	1,782	15,580	28,045	24,984
Convertible Series Preferred Shares	137,922	132,283	–	–	–
Shareholders' equity/Magna's net investment	287,748	254,778	259,586	213,936	157,624
Long-term debt (excluding current portion) to equity ratio	0.09:1	0.01:1	0.06:1	0.13:1	0.16:1

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Decoma

products

Bumper Systems & Body Panels Group

Front & Rear-End Modules
- Fascias
- Air Dams
- Energy Absorbers
- Lighting
- Grille Opening Panels
- Bumper Beams
- Grilles

Plastic Body Panels
- Front Fenders
- Truckside Fenders
- Pickup Boxes
- Tailgates
- Liftgates
- Hoods & Decklids
- Door Panels
- Hard Tonneau Covers

Polymeric Glazing
- Backlights
- Quarter Windows
- Decklid Appliques
- Appliques
- Sunroofs
- T-Tops
- Cowl Screens

Equity Investments

Roof Systems
- Soft Tops
- Soft Tonneau Covers
- Roof Systems
- Hard Tops
- Light Bars

Components for Front & Rear-End Modules
- Grilles
- Fascia Brackets
- Bumper Beams
- Brush Guards

Greenhouse & Sealing Systems
- Door Primary & Secondary Seals
- Inner and Outer Door Belts
- Glass Run Channels
- Door Surrounds
- Ditch Mouldings
- Window Surround Modules

Bodyside Systems
- Running Boards
- Claddings
- Wheel Opening Mouldings
- Rocker Panels
- Stone Guards
- Bodyside Mouldings

www.decoma.com

DECOMA

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